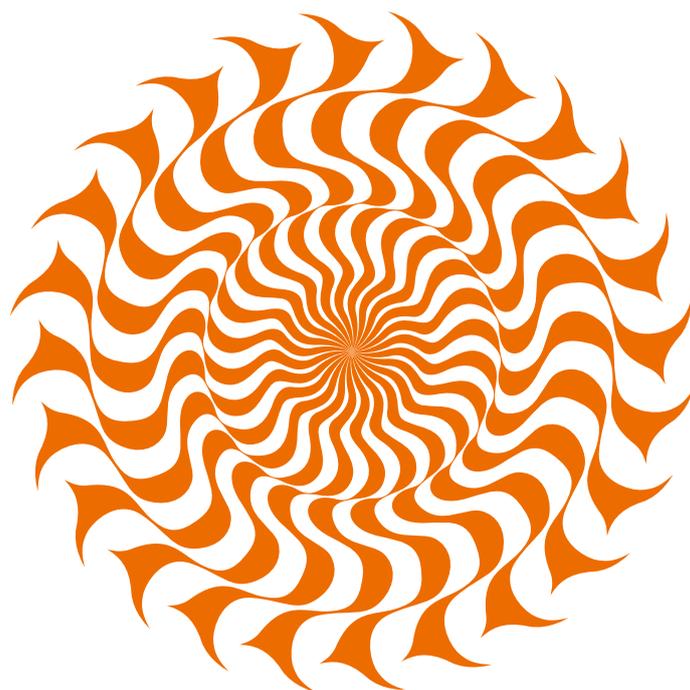


**CTV 中視金橋<sup>®</sup>**

中視金橋國際傳媒控股有限公司  
SinoMedia Holding Limited

STOCK CODE 股份編號: 00623



**ANNUAL  
REPORT**  
**2012 年報**



## About us

SinoMedia Holding Limited (the “Company” or “SinoMedia”) and its subsidiaries (collectively the “Group”) is a leading media corporation with video media management as its core business in China, with a focus on structuring and developing four businesses, namely “media resources management, integrated brand communication services, creative production of advertisement and content, and new media investment and integration”.

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# Financial Summary

RMB'000

## Change (%) of 2012 vs. 2011

+2%

Revenue

+19%

Profit from operations

+27%

Profit attributable to equity shareholders of the Company

+28%

Earnings per share (RMB) – Basic

+27%

Earnings per share (RMB) – Diluted

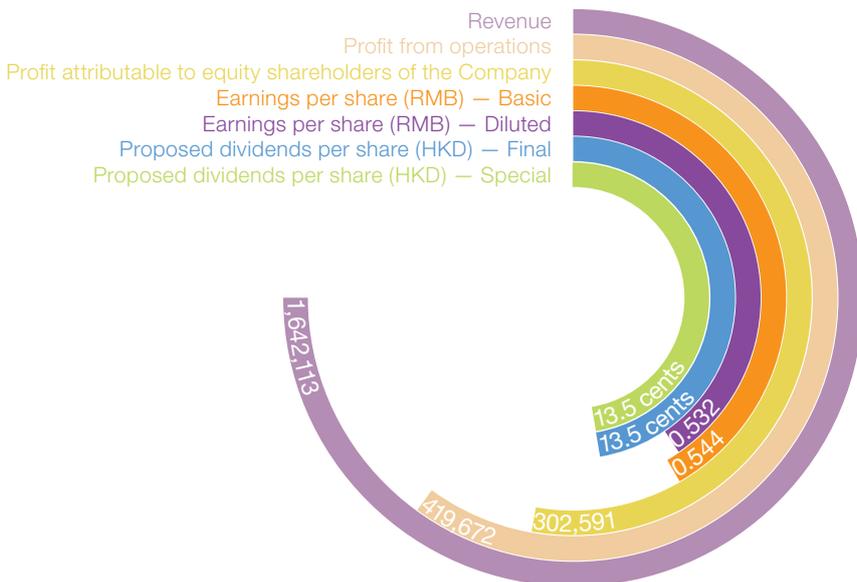
+27%

Proposed dividends per share (HKD) – Final

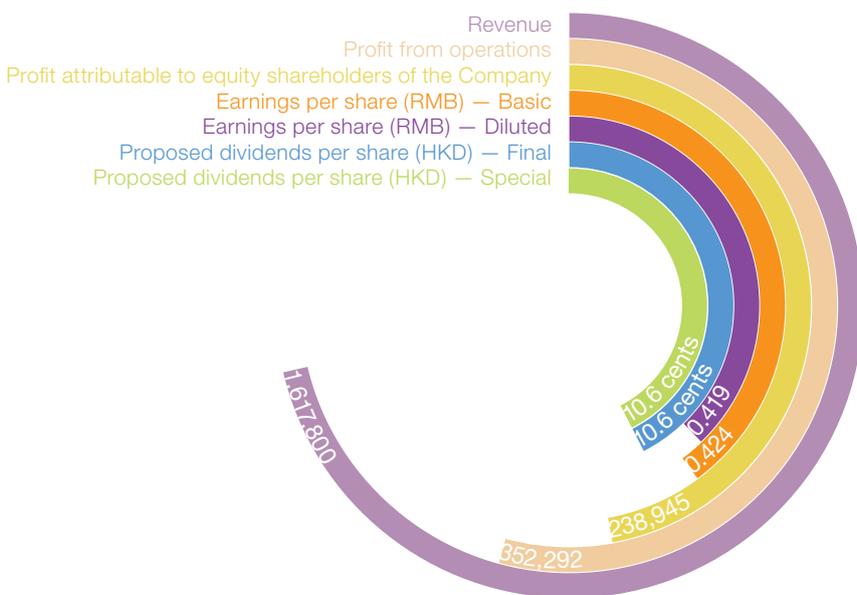
+27%

Proposed dividends per share (HKD) – Special

## For the year ended 31 December 2012



## For the year ended 31 December 2011



	At 31 December 2012	At 31 December 2011
<b>Total Assets (RMB'000)</b>	<b>2,839,156</b>	1,851,158
<b>Equity attributable to equity shareholders of the Company (RMB'000)</b>	<b>1,224,713</b>	1,018,875

## Revenue

RMB'000

### Change (%) of 2012 vs. 2011

-1%

Media resources management

+111%

Integrated brand communication services

-9%

Creative production of advertisement and content

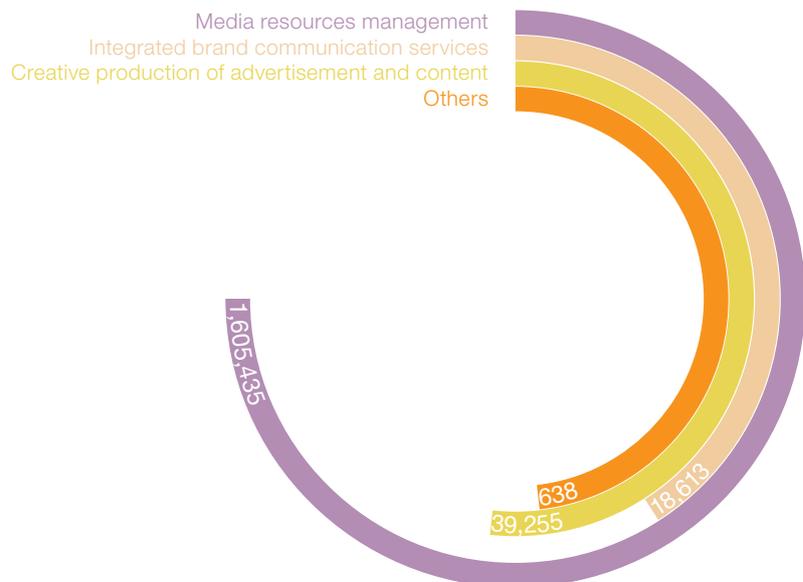
-77%

Others

### For the year ended 31 December 2012



### For the year ended 31 December 2011



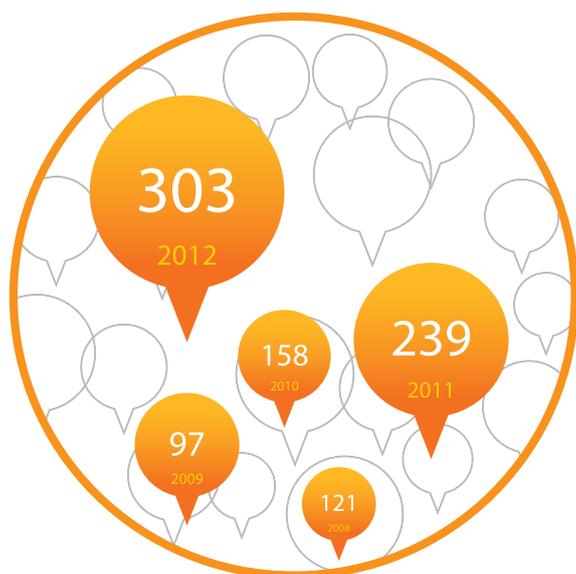
# Continuous Growth

RMB' million



## Revenue

CAGR= **31%** ↑



## Profit attributable to equity shareholders of the Company

CAGR= **26%** ↑

# Corporate Information

## EXECUTIVE DIRECTORS

Mr. Chen Xin (*Chairman*)  
Ms. Liu Jinlan  
Mr. Li Zongzhou

## NON-EXECUTIVE DIRECTORS

Mr. Zhu Jia  
Mr. He Hui David

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ding Junjie  
Mr. Qi Daqing  
Mr. Lian Yuming  
Ms. Wang Xin

## AUDIT COMMITTEE

Mr. Qi Daqing (*Chairman*)  
Mr. Ding Junjie  
Mr. He Hui David

## REMUNERATION COMMITTEE

Mr. Chen Xin (*Chairman*)  
Mr. Ding Junjie  
Mr. Lian Yuming

## NOMINATION COMMITTEE

Mr. Chen Xin (*Chairman*)  
Mr. Ding Junjie  
Mr. Lian Yuming

## COMPLIANCE COMMITTEE

Mr. Li Zongzhou (*Chairman*)  
Mr. Chan Oi Nin Derek

## COMPANY SECRETARY

Mr. Chan Oi Nin Derek

## AUTHORISED REPRESENTATIVES

Mr. Chen Xin  
Mr. Chan Oi Nin Derek

## REGISTERED OFFICE OF THE COMPANY

Unit 402, 4th Floor, Fairmont House,  
No. 8 Cotton Tree Drive, Admiralty, Hong Kong

## CORPORATE HEADQUARTERS

Unit 15D, Xintian International Plaza,  
No. 450 Fushan Road, Pudong New District,  
Shanghai, PRC

## AUDITORS

KPMG

## SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712–1716, 17/F, Hopewell Centre,  
183 Queen's Road East, Wanchai, Hong Kong

## WEBSITE

[www.sinomedia.com.hk](http://www.sinomedia.com.hk)

# 2012 Year in Review

## February

### **SinoMedia's agricultural new media platform – official launch of Wugu.com.cn**

The agricultural information platform “www.wugu.com.cn”, jointly developed by the Agricultural Information Centre of China International Association for Urban and Rural Development and CTV Golden Bridge Culture Development (Beijing) Company Limited, was officially launched in Beijing. With the mission of “attentive to agricultural development and improvement on livelihood of peasantry”, wugu.com.cn established a media operation that combined the Internet with mobile terminals, on which it strives to develop an online information platform that gathers information from the agricultural industry and agricultural enterprises, and help the development and promotion of agricultural brands.

## March

### **SinoMedia invested in the operation of digital pay TV channel – Super Channel**

SinoMedia entered into an agreement with Global Broadcasting Media Group (國廣環球傳媒控股有限公司), a company under China Radio International, to invest and participate in the operation of Super Channel (環球奇觀), a digital pay TV channel owned by Global Broadcasting Media Group. The digital pay TV channel Super Channel is approved by the State Administration of Radio Film and Television as a humanities and science educational TV channel featuring various spectacles.

### **SinoMedia was elected as Grade AAA Demonstration Unit for Credit Construction in China**

“Honor List of Accredited Units in China 2011” (2011中國誠信單位光榮榜) and “Honor List of Accredited Figures in China 2011” (2011中國誠信人物光榮榜) announced the final results of the election campaigns and SinoMedia was elected as Grade AAA Demonstration Unit for Credit Construction in China (中國誠信建設AAA級示範單位), while Ms. Liu Jinlan, Chief Executive Officer of SinoMedia, was elected as the Outstanding Accredited Entrepreneur in China (中國誠信優秀企業家).

## April

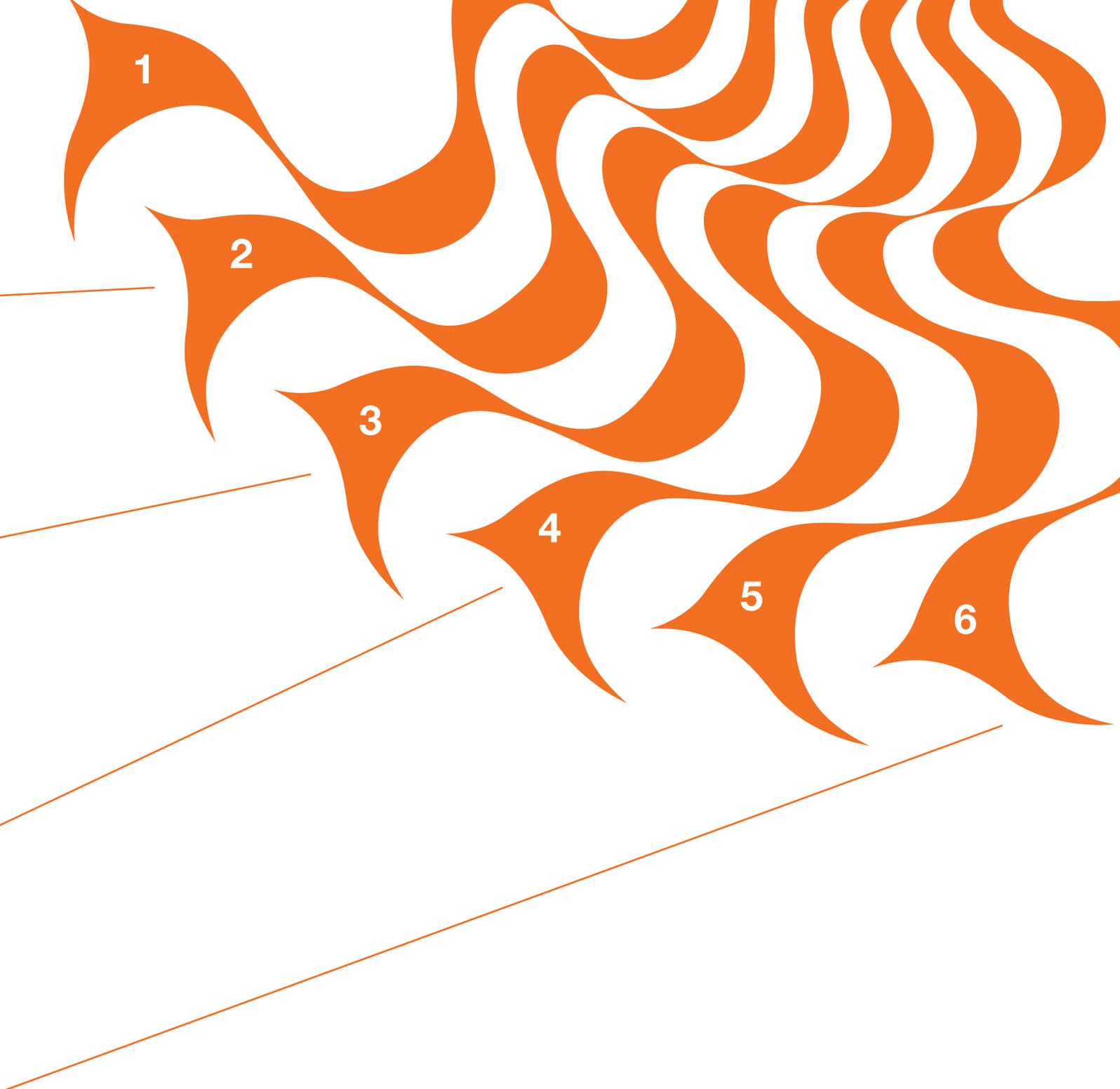
### **SinoMedia launched the Advertiser Creative Communication Summit 2012**

SinoMedia launched the Advertiser Creative Communication Summit 2012 (2012廣告主品牌創意傳播峰會) with a theme of “creative communication, ads promoted by ads”. Following its first stop in Shanghai, the summit also held conferences in Qingdao and Guangzhou.

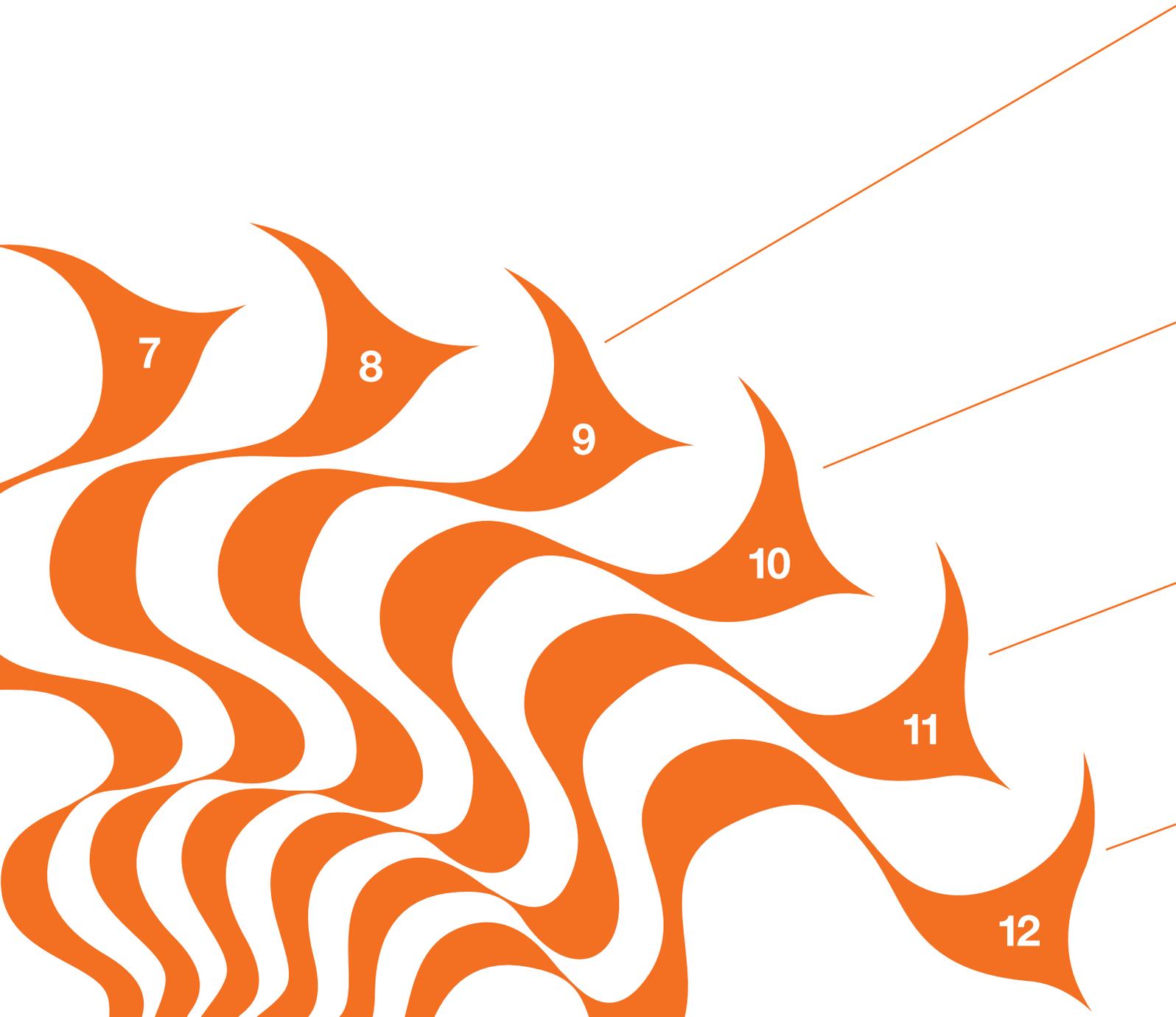
## June

### **SinoMedia contracted to be the brand management consultant of “Chinese Agricultural Valley”**

SinoMedia signed an annual brand management and consultancy agreement with Jingmen City Tourism Bureau, Hubei Province (湖北省荊門旅遊局) in Beijing, to establish strategic partnership in promoting the brand “Chinese Agricultural Valley” (中國農谷). In the coming 3 years, SinoMedia will provide a range of brand management and promotion services for the establishment of “Chinese Agricultural Valley” in Jingmen City, which includes strategic brand promotion, branding consultation and related training, VI system construction, creative planning and production of advertisement.



# 2012 Year in Review



# September

## **SinoMedia published research report on “2012 China Mobile TV Industry Development”**

Having published the “Mobile TV Industry Research Report” in 2011, SinoMedia published the “2012 China Mobile TV Industry Development” research report during the year. The report fully analysed relevant industry information based on comprehensive statistics, such as the opportunities and challenges in the development of local and international mobile TV industry, development trend, consumer group characteristics, consumption features, structure of operators in the industry chain and mobile phone license. The report demonstrated SinoMedia’s in-depth analysis and overall understanding over the current development, competition and future growing trend of mobile TV industry in China.

## **SinoMedia successfully held the VIP Customer Communication Conference for 2013 CCTV presale tender**

SinoMedia successfully held the VIP Customer Communication Conference for 2013 CCTV presale tender in Beijing. Over 400 guests, including professionals and specialists from CCTV, SinoMedia, the financial sector, the liquor industry, the tourism industry and the advertising industry, as well as representatives from countries promoting tourism, participated in the event. During the conference, the participants discussed the strategies on brand breakout under complex economic conditions. The conference received lots of positive response from the industry.

# October

## **SinoMedia successfully planned and organised the Seventh China 4A Gold Seal Awards**

The Hangzhou ceremony of the seventh China 4A Gold Seal Awards, which is known as the “Oscar” in the advertising industry, was grandly held in Hangzhou. As the director unit of 2012–2013 China 4A, SinoMedia has chaired the operation, coordination, organisation and planning of China 4A since April 2012. From the event organisation of “4A in Schools” (4A進校園), to the planning and overall coordination of “Gold Seal Awards Ceremony” (金印獎盛典), SinoMedia has been putting efforts on the growth and progress of China 4A, and guaranteed an orderly operation and smooth development of China 4A.

# November

## **SinoMedia’s total contract value in the presale tender of CCTV exceeds 1.8 billion, achieving further expansion in market share**

In the presale tender for 2013 CCTV primetime advertisement resources, SinoMedia’s total contract value amounted to 1.81 billion, representing a year-on-year increase of 28%. Its market share experienced growth from 9.8% in 2012 to 11.4% this year, which was a 19-year record high. In this auction, over 50% of successful bids for the finance and insurance industry were through contracts with SinoMedia.

# December

## **SinoMedia raised fund for Hope School through charity sales**

SinoMedia organised a charitable activity called “Candle Light Up Smiles” (燭光照亮笑臉) to raise funds for Yanjing Xiao Tian E Gongyi Xuexiao, Changping District, Beijing (北京市昌平區燕京小天鵝公益學校). SinoMedia is keen on charity affairs. The school visit not only brought a New Year surprise to the teachers and students, but also provided them with greater support.

## **SinoMedia’s acquisition of Internet video website and office premises laid a solid foundation for the Group’s long-term development**

SinoMedia acquired an Internet video website, www.boosj.com, which is the last step to complete its “three screens” strategic layout. Meanwhile, SinoMedia proactively consolidated and expanded its office, which demonstrated the Group’s confidence in the future development of media industry in China.

# Awards and Recognition

## Company

1

**Award:** National Accredited Units 2011-2012  
**Time:** March 2012  
**Awarded by:** The Organising Committee for Honor List of National Accredited Units  
**Award Description:** Established in 2002, the "Honor List of National Accredited Units" is responsible for annual assessment of companies across the nation based on the principle of "Conduct and Integrity". The award promotes and commends honest companies and entrepreneurs that have greatly contributed to the promotion of business integrity and the construction of a harmonious society. Through spreading traditional Chinese virtues of integrity and making prominent the integrity of Chinese companies, it aims to foster the establishment of a system of integrity among Chinese companies.



2

**Award:** The Company with Outstanding Brand Breakthrough Award  
**Time:** April 2012  
**Awarded by:** The Organising Committee for the 4th China Advertisers Summit  
**Award Description:** The China Advertisers Summit is an annual national advertising event jointly organised by the Advertiser Magazine, the BBI Brand Research Institute of Communication University of China, and the Graduate School of Management of Communication University of China. "Company with Outstanding Brand Breakthrough" Award mainly considers factors such as the running company's brand value, brand reputation, brand loyalty and media exposure, as well as the sustainability, employment, integrity, service and social responsibility of the company and its relationship with suppliers, distributors, and consumers in its assessment of the overall performance of the company and its brand.



3

**Award:** General Award for Company with the Best Employee Satisfaction — Media Industry  
**Time:** September 2012  
**Awarded by:** The Company with Best Employee Satisfaction Research and Award 2012  
**Award Description:** The award is jointly organised by Hetai Consulting, an expert in employee engagement management, and Taihe Consulting, a leading human resources service provider in China, and has been generally accepted as one of the most authoritative assessment in the industry. The "White Paper 2012 of the Company with the Best Employee Satisfaction Research" was also published during the award ceremony.



4

**Award:** China 4A Annual Award for Outstanding Contribution  
**Time:** October 2012  
**Awarded by:** The 7th China 4A Gold Seal Award Committee  
**Award Description:** The China 4A Gold Seal Award is deemed the "Oscar" of the advertising industry. The 7th China 4A Gold Seal Award adopts the motto "Survival of the Creative" and further encourages the people in the advertising industry to be innovative and set creativity as their principle and goal.

5

**Award:** Gold Award Company 2012 for Comprehensive Strategy  
**Time:** October 2012  
**Awarded by:** The Organising Committee for the 19th China International Advertising Festival

**Award Description:** The China International Advertising Festival is the largest and most prestigious industry event in China. The award is co-organised by the Television Branch of China Advertising Association, the Newspaper and Magazine Branch of China Advertising Association and the Ad Men Magazine, aiming to commend representative organisations with outstanding performance and contributions in the China advertising industry including outdoor media companies, media strategy companies, digital marketing companies, and comprehensive strategy companies.



6

**Award:** Gold Award — Public Satisfaction Award for China Mainstream Media Operation  
Gold Award — China's Top 10 Competitive Companies in the Advertising Agency Industry

**Time:** November 2012  
**Awarded by:** The Research Committee for Public Satisfaction on the Service Industry in China

**Award Description:** The award is established to implement the core mission of the "Twelfth Five Year Plan" outline and the State Council meeting's main tasks regarding the development of service industry. The award aims to solve prominent problems hindering the development of service industry, and create an environment which facilitates service development. It also conducts comprehensive, insightful and in-depth research and discussion on the existing and future development trends of China's service industry from various perspectives, such as government policies, industry guidance and economic transitions of individual companies.

**Creative Design**

1

**Winning Piece:** Videos "the Unexpected Beauty — Tangshan", "Interviews — China Everbright Bank", "Opulence — Royal Ruyi", "Customisation — NOGARA"; Graphic designs "Roller Coaster Ride — Durex Excita Ribbed", "One Person One World — Private Banking of China Everbright Bank"

**Award:** IAI Yearbook Award of Outstanding Advertising Works in China  
**Time:** June 2012  
**Awarded by:** The Editorial Committee of the "IAI Yearbook of Advertising Works in China"

**Award Description:** "IAI Yearbook of Advertising Works in China", jointly edited and published by the International Advertising Magazine, Advertising School of Communication University of China, IAI International Advertising Research Institute and the BBI Business Branding Strategy Research Institute, features a collection of outstanding advertisements in China during the year. Since its inception in 2000, the "IAI Yearbook of Advertising Works in China" has successively published for 12 years. The yearbook includes the most influential and representative advertising works from mainland China, Taiwan, Hong Kong and Macau, and is highly influential within the industry.

2

Winning Piece: SinoMedia 2011 Annual Report  
 Award: League of American Communications Professionals (LACP) the Listed Company Annual Report Silver Award of the Vision Awards  
 Time: July 2012  
 Awarded by: League of American Communications Professionals  
 Award Description: Established in 2001, the League of American Communications Professionals is committed to creating professional display platforms in the public relations sector to set good examples around the world. This is SinoMedia's third consecutive year receiving this award.



3

Winning Piece: SinoMedia 2011 Annual Report  
 Award: Cover Design Honor Award (media and advertising companies) of ARC Awards  
 Time: August 2012  
 Awarded by: MerComm  
 Award Description: The ARC Awards, established by MerComm, Inc. in 1987, is one of the world's largest and the most authoritative competitions for honoring excellence in annual reports. The award is highly respected and regarded to be influential internationally, and is called the "Oscar Award of Annual Report" by the financial media. This is SinoMedia's third consecutive year receiving this award.



4

Winning Piece: Creative Planning Case "PICC by My Side"  
 Award: Bronze Award for General Media Placement — Media Planning  
 Time: October 2012  
 Awarded by: The Organising Committee for the 7th China 4A Gold Seal Award  
 Award Description: The China 4A Gold Seal Award is deemed the "Oscar" of the advertising industry. The 7th China 4A Gold Seal Award adopts the motto "Survival of the Creative", and further encourages the people in the advertising industry to be innovative and set creativity as their principle and goal.

1

Winner: Liu Jinlan  
 Award: The Outstanding Accredited Entrepreneur in China  
 Time: March 2012  
 Awarded by: The Nomination and Organising Committee of the Honor List of Accredited Figures in China  
 Award Description: Established in 2002, the "Honor List of Accredited Figures in China" is responsible for annual assessment of companies across the nation based on the principle of "Conduct and Integrity". The award promotes and commends honest companies and entrepreneurs that have greatly contributed to the promotion of business integrity and the construction of a harmonious society. Through spreading traditional Chinese virtues of integrity and making prominent the integrity of Chinese companies, it aims to foster the establishment of a system of integrity among Chinese companies.

## Management

2

Person Elected: Liu Jinlan  
Position: Director of the Executive Committee of the 7th China 4A  
Time: February 2012  
Organisation: The Executive Committee of China 4A  
Description of Organisation: "China 4A" was co-founded and jointly established by SinoMedia and Ogilvy in 2006, and its member organisations have increased from 28 at the initial stage to 44 as of now. China 4A has included most of the large-scale international advertising firms operating in China, as well as the biggest national general advertising agencies and firms, such as Ogilvy, JWT, McCann Erickson Guangming, Euro RSCG, Saatchi & Saatchi, Group M, Zenith Optimedia, DDB, Guangdong Advertising, Beijing Advertising Corporation, etc.



3

Person Elected: Liu Jinlan  
Position: Deputy Director of Professional Advertising Committee of the China Television Artists Association  
Time: March 2012  
Organisation: The Professional Advertising Committee of the China Television Artists Association  
Description of Organisation: The Professional Advertising Committee of the China Television Artists Association, established in 1999, is the commissioned organisation for the preliminary assessment of television advertisements for the "China Television Golden Eagle Award". It aims to strengthen the collaboration and the exchange with international professional television advertisement corporations and academic organisations, through proactively initiating television advertising-related academic exchange, symposiums, business collaborations and professional trainings. The committee also strives to engage and establish a channel of communication for national companies, television channels and advertising agencies in order to enhance the production and planning quality of television advertising.



4

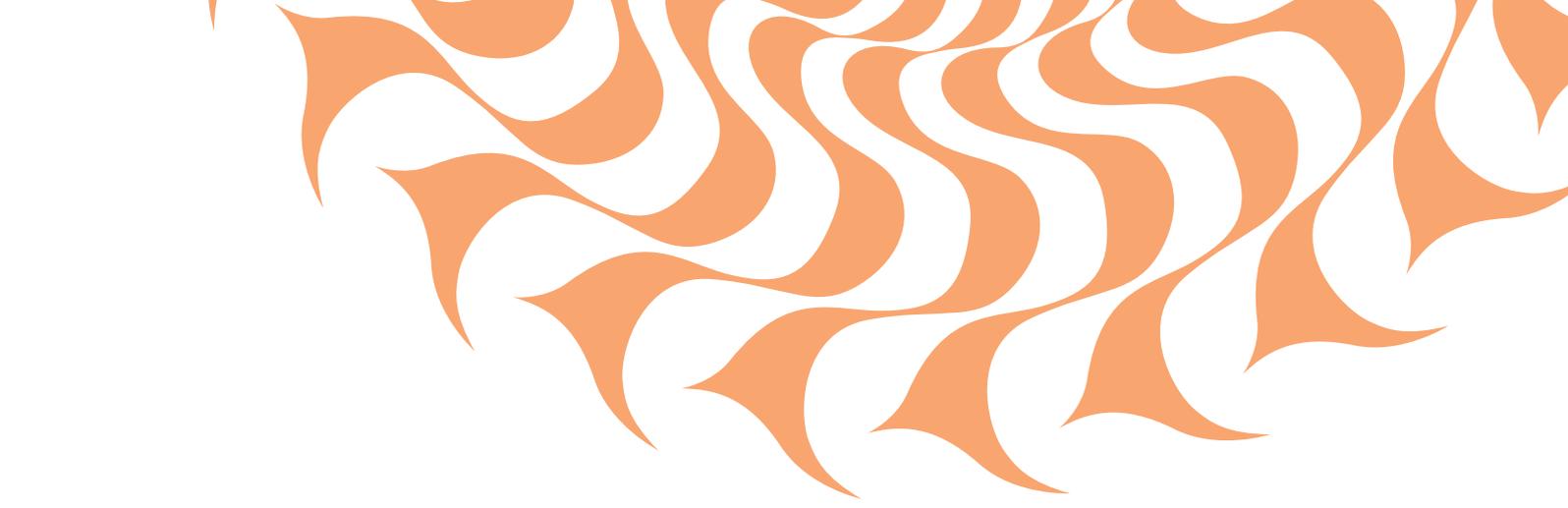
Person Elected: Liu Jinlan  
Position: 2012 MBA Instructor for Cheung Kong Graduate School of Business  
Time: November 2012  
Organisation: Cheung Kong Graduate School of Business  
Description of Organisation: Cheung Kong Graduate School of Business (CKGSB) was established with donations from the Li Ka Shing Foundation, and officially approved by the State government as a non-profit educational institution with the status of an independent legal entity. As a member of the Association to Advance Collegiate Schools of Business (AACSB) and European Foundation for Management Development (EFMD), it is approved by the Academic Degrees Committee of the State Council as a "MBA conferring unit" (including EMBA and MBA). The mission of the school is to become a top 10 business school worldwide within a decade. Since its establishment, CKGSB has always taken up the responsibility of "nurturing a group of world-class entrepreneurs for Chinese corporations", as well as strived towards building a new generation of business schools globally.

## Chairman's Statement



For SinoMedia, 2012 was a year of change and challenge, as well as a crucial year of ultimately connecting the upstream, midstream and downstream of the media industry value chain, thanks to the steady growth of its various business segments. Along with the Group's substantial growth in capability building and branding, its "media resources management" and "integrated brand communication services" segments made excellent achievements as industry pioneers, with continually rising market shares. The upstream business segment with "Channel + Content" as its core even achieved performance breakthroughs. Through project operations and the completion of the Group's "Three Screens" layout, the strategic roadmap of becoming "a media corporation with video media management as its core business" set out by the Board of Directors was pursued with triumph.

The largest contributor to the Group's business is media resources management. During the year, the Group managed the advertising resources of such channels as CCTV-1 (General)/CCTV News (Chinese), CCTV-4 (Chinese International), CCTV-5 (Sports), CCTV-7 (Military and Agriculture) and CCTV-NEWS (English). Faced with the combined impact of macro-economic and market factors in the first half of 2011, the Group made accurate estimation and timely adjustments. While exerting great efforts in both sales and product packaging, the Group also adopted a targeted approach in maintaining and developing customer markets, and devising innovative marketing strategies, which brought the Group significant value to outperform the industry average.



Integrated brand communication services represent one of the major business segments that the Group has strived to develop. Through team building, customer development and brand extension, the business experienced an explosive growth, with a significant increase in its turnover compared with last year. The continued growth of the business is a tribute to the Group's promotional efforts and well-executed resources deployment into the segment, and reflects that its brand of omni-media project service capability has been widely recognised by the markets.

Two other business segments, namely creative production of advertisement and content, and new media investment and integration, have jointly supported the Group's upstream segment in the media industry value chain, collectively known as the "Channel + Content" platform. Specifically, the Group's standard of creative content production gained recognition through receiving major domestic and international awards during the year. Moreover, the only operator of the nationwide public service advertising broadcast network in China, which is wholly owned by the Group, underwent optimal adjustments in organisational structure, and laid a solid foundation for its future development. In addition, the self-construction of the agricultural information portal website "Wugu.com.cn" (吾谷網), and the strategic investments in the digital television channel "Super Channel" (環球奇觀) and the video clips website "www.boosj.com" (播視網) were completed. These three projects, coupled with the Group's investments in such projects as "CNLive" and "100TV" in 2011, further strengthen the Group's channel layout and constitute a key framework for the Group's "Channel + Content" development strategy for upstream media business.

China's GDP growth rate began to rebound in late 2012 after declining for seven quarters in a row. In 2013, with continuous concern for the economic situation and a general readiness to actively capture industry opportunities, the Group is optimistic about the overall development trend for the whole year. We believe that with consolidation initiatives prevailing within the ever-changing industry, enhancing branding influence, market share, resources deployment abilities, business model, organisational management levels and personnel development are the drivers for upholding industry leadership. In order to facilitate its development, the Group will continuously improve its organisational structure, implement efficient management logistics, utilise advanced organisational and human resources management systems, and deepen the cultivation of its corporate culture. With the Group's four well-established business segments and its notion of acting as an industry role model that abides by the highest standards, we are confident to attain our simple but clear strategic goals with innovation.

On behalf of the Board, I would like to take this opportunity to express our heartfelt gratitude to our shareholders, clients and business partners. Their support and trust have been most crucial to SinoMedia's growth and development. Furthermore, we wish to express our appreciation to the management team and each of our staff for their contribution and devotion, as the Group's healthy and sustainable development relies indeed on the hard work of every one of them. We will keep ourselves abreast of the latest industry movements, seize new opportunities, and generate substantial returns.

**Chen Xin**  
*Chairman*

Hong Kong, 20 March 2013



## **Sales Reached Target, Customer Development Experienced Breakthrough, All-round Service Capability Achieved Initial Success**

Amid the unpredictable market environment in 2012, SinoMedia successfully reached the overall sales target set forth in the 3-year development target in 2009 with concerted efforts of the Group. This was not merely a change in figures, but also a remarkable optimisation in customer structure and quality as well as a general enhancement in the Group's overall service capability. In 2012, the Group successively developed a number of quality corporate customers, achieving breakthroughs particularly in the wine and agricultural industries. Regarding city brand marketing where we remained advantage, SinoMedia gained over two-third of the market share of CCTV in 2012.



## The Group's Integrated Brand Communication Service Made Enormous Strides

SinoMedia continuously enhanced its integrated brand communication service capability for customers in tandem with changes in media and consumers. Whilst achieving solid growth in total value in 2013 CCTV Primetime Advertisement Resources Auction and Presale, SinoMedia spared no effort to strengthen the Group's all-round service capability in the areas of advertisement placement on exclusive underwritten media, media resources procurement, public relation events and creative production with an increasing number of renowned case customers.



# Management Discussion and Analysis

## ABOUT THE GROUP

In 2012, the Group proactively responded to the challenges posed by China's economic fluctuations and changes in China's media advertising industry. Adhering to the objective of "actively expand the market of its existing businesses, make great effort to develop new businesses, and strive to achieve its annual development goals", the Group achieved steady improvement in the ability of self-construction and brand establishment. The Group has demonstrated its competitive edge in various links along the full industry value chain, such as media resources management, integrated brand communication services, and creative production of advertisement and content, and further expanded its market share. Moreover, its "Three Screens" strategic layout was preliminarily completed with the operation of the new media investment and integration business.

While continuing to highlight its notable advantage on managing resources of China Central Television ("CCTV") and other core media, the Group focuses on the development of the integrated brand communication services, and recorded encouraging results. Through investments in agricultural information portal website, digital television channel and video website, the Group achieved a significant breakthrough in the establishment of digital media which stepped up on its strategic path set out by the Board of Directors of becoming "a media corporation with video media management as its core business".

With regard to internal management, to meet the demand for strategic development and group management, the Group enriched the function of its organisational structure and improved the efficiency of management logistics; it introduced and implemented professional human resources management system; it also acquired "Tianjie Building" to consolidate and centralise the offices of relevant subsidiaries and business segments, in order to enhance the internal communication efficiency. At this point, the Group completed the strategic transition from an advertising agency to a media corporation.

## BUSINESS OVERVIEW

### I. Media Resources Management

In media resources management, the Group is one of the leading operators for CCTV in terms of the longest partnership, an abundance of underwriting resources, largest partnership scale of operations, and has won the CCTV Top Ten Advertising Agencies award and the CCTV Outstanding Achievement Award for Advertising Agency for consecutive years. Leveraging over fourteen years of cooperation with CCTV, a diversified customer base, plentiful working capital and an experienced management team, the Group continues to enjoy notable advantages under a complex market environment.

During the period under review, the Group renewed its current exclusive underwriting contracts and acquired additional exclusive underwriting rights, which consolidated and strengthened the Group's position as an exclusive underwriter of CCTV's program advertisements. The Group had approximately 39,718 minutes of advertising time resources on a total of 50 programs on channels including CCTV-1 (General)/CCTV-News (Chinese), CCTV-4 (Chinese International, including Europe and the US), CCTV-5 (Sports), CCTV-7 (Military and Agriculture) and



CCTV-NEWS (English) across a variety of program types such as news, culture, arts, sports, life, agriculture, feature programmes and other topics. Its specific advertising resources include the “Night News” (晚間新聞) on CCTV-1 (General), “News 30” (新聞30分) jointly broadcasted on CCTV-1 (General)/CCTV-News (Chinese), “China News” (中國新聞), “Across the Straits” (海峽兩岸), “Exposition of Chinese Cultural Relics” (國寶檔案) and “China Showbiz” (中國文藝) on CCTV-4 (Chinese International, including Europe and the US), “Weather Forecast” during “Sports News” programs on CCTV-5 (Sports), programs including “Zhi Fu Jing” (致富經), “Focus on the Three Agricultural Issues” (聚焦三農), “Daily Agricultural News” (每日農經) and “The Rural World” (鄉村大世界) on CCTV-7 (Military and Agriculture), and all programs on CCTV-NEWS (English).

## II. Integrated Brand Communication Services

Integrated brand communication services is one of the Group’s recent development focus. By consolidating brand communication needs, the Group offers its customers various services including brand positioning and planning, market research and consultancy, media strategy and research, media procurement and placement, planning and execution of public relations, and placement monitoring and evaluation, covering the resources of omni-media brand communication and service solutions on TV, the Internet and mobile Internet, radio, print and outdoor media.

During the year under review, the Group successfully renewed its contracts with the Postal Savings Bank of China, China Life Insurance Company, and the People’s Insurance Company of China (PICC), continuing to undertake their media procurement services business for the year. The Group was also engaged by China Construction Bank Corporation, Guangzhou Wanglaoji Health Industry Company and Suning Appliance Company for its TV advertising placement and service agency business. Once again, the Group delivered impressive results in the 2013 CCTV Prime Time Resources Auction. By adopting highly cost effective media strategies, it purchased, on behalf of its clients from the industries such as finance, transportation, food and health care products, advertising resources worth over RMB1.8 billion, representing an year-on-year increase of 28%, with an increase in market share accordingly.

The Group’s creative planning case “PICC by My Side” was awarded the “Bronze Award for General Media Placement — Media Planning” at the award ceremony of the seventh China 4A Gold Seal Award. The award is a substantive recognition of the ability of the Group’s integrated communication service. Meanwhile, during the year under review, there was an advancing progress in the volume of media procurement business of the Group with the amount of online media procurement exceeded RMB10 million.

The Group also continues to cooperate with MediaCorp of Singapore and the US financial TV station CNBC, building a new global television network resources communication platform to promote the influence of Chinese brands around the world.



### III. Creative Production of Advertisement and Content

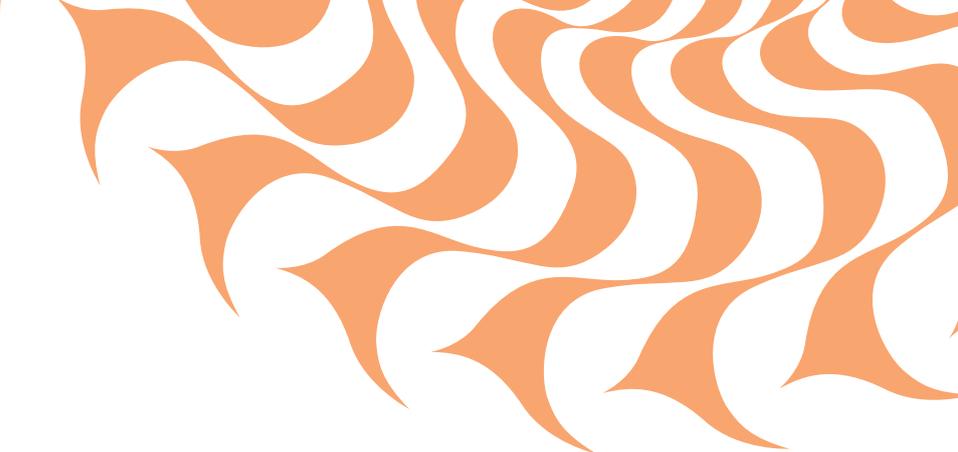
#### 1. Creative production services for commercial advertisements and microfilms

From the beginning, the Group has possessed an outstanding content creation gene. At present, with a creative and strategic team of over forty members, the Group has provided comprehensive, professional and sophisticated creative advertisement and video content production services to numerous business sectors, corporations and city governmental institutions and regions, covering various formats including advertisements, features, micro films and video programs, and has won a number of national and international awards.

During the year under review, the following works were selected in the “IAI Annual Book of Chinese Advertising Work” (IAI 中國廣告作品年鑒) after an overall evaluation by the book’s editorial board, including video assignments: “Beauty beyond Imagination — Tangshan” (想不到的美篇—唐山); “The Interview — Everbright Bank” (訪談篇—光大銀行); “The Ultimatum — Royal Ruyi” (極致篇—皇家如意); and “Tailor-made — Nogara” (定制篇—路嘉納). Print products “The Roller Coaster — Durex Pleasuremax” (過山車篇—杜蕾斯螺紋裝) and “One Person, One World — Everbright Private Banking” (一人—世界篇—光大私人銀行). SinoMedia’s 2011 Annual Report, a product designed on the theme of “Breakthrough” by the Group’s visual art center was also awarded the “League of American Communications Professionals Silver Award” and “Cover Design Honor Award (Media and Advertising Companies)”. During the year under review, the Group has produced more than twenty video assignments in total, including: the initial public offerings propaganda video, two micro films “Action to Wish” (心願行動) and “Always with You” (一直在你身邊), and a promotional video “Warm Life Series” (溫暖生活篇) of PICC; the propaganda of Changbaishan International Resort of Dalian Wanda Group; “Country’s Luck — Testimony” (國緣—見證篇) and “Luck for this Life — Nostalgie” (今世緣—懷舊篇), commercials for King’s Luck Brewery; “The World” (世界篇), a commercial for Yunfu Stone; and the commercials for Henan Province Tourism Administration, etc.

#### 2. Creative production and syndication of public service advertisements

Beijing Taihe Ruishi Advertising Company Limited, a wholly-owned subsidiary of the Group, is the only operator in China that has a nationwide public service advertising broadcast network of 150 regional television channels. This platform creates a good social morality and promotes progress in social civilisation through the dissemination of public service advertisements beneficial to the social concept, so as to create a macro effect on the society and the public. During the year under review, through optimal adjustment in organisational structure and management, there was a significant improvement in the quality of media collaboration for the company. It was also in collaboration with the public service advertisement production business of CCTV to strive for the development goal of becoming the “communication experts in public service brands”.



### 3. Video dynamic management services

With the only media asset management system in the advertising industry, the system's database provides clients with the dynamic management services of gathering, collating, editing and applying video information. The database is proven in practice to substantially shorten the production cycles for clients' promotional videos, and provides a full range of source materials for production, resulting in a more effective and systematic video promotion campaign for clients. At the same time, the system significantly improves the efficiency of the Group's post-production team and the quality of its video production services. The system continued to provide highly efficient services during the year under review, and the Group planned to create dedicated databases for more customers to generate management income.

## IV. New Media Investment and Integration

New media investment and integration plays an important role in the Group's ambitious expansion to the upstream media business and its integration of the industry value chain. The Group believes that in order to achieve its strategic transition from an advertising agency to a media corporation, it is vital for the Group to secure a strong and long-term foothold as well as advancement in respect of "Channel+Content" development in the upstream media business. In terms of "Channel", the Group strongly believes that in the next decade, with the increase in the Internet population and the development of mobile smart terminals, the Internet, especially the mobile Internet, will accelerate changes in the media industry and promote the consolidation and development of various media. Accordingly, the Group has continued to pay particular attention to the development of content platforms in the new media industry and, leveraging its own strengths, focused on the development of video-related business. During this process, creative content production with communication capacity will be the core competitiveness for all video media.

During the year under review, the Group's first self-developed agricultural information portal website was officially launched online, and key strategic investments in the digital TV channel "Super Channel" (環球奇觀) and the video clips website "boosj.com" (播視網) was preliminarily completed.

Details of the Group's investment projects during 2012 are as follows:

#### 1. Boosj.com (播視網)

In December 2012, the Group acquired Hangzhou 3G Media Company Limited (杭州三基傳媒有限公司), the operator of the video website boosj.com. Boosj.com is currently a leading integrated video website in Mainland China with WEB2.0 technology as its core element. With the concept of "New Videos, New Life", boosj.com integrates a



wide variety of program resources with in-depth information regarding the hot news, entertainment, travel, fashion, cars and games. Boosj.com is devoted to establishing a video clips sharing website dedicated to users in Mainland China and Chinese users around the globe.

Leveraging its own robust development momentum, boosj.com has won various awards provincially and within the industry for consecutive years. According to data from iResearch, as of September 2012, boosj.com was ranked 12th place among the integrated video websites in China, 7th place among the professional video websites in Mainland China, and one of the top three among unlisted or not yet acquired integrated video websites.

The acquisition is of utmost importance to realise the Group's strategic goal of setting "video media management as its core business". Following the establishment of the self-developed agricultural information portal "wugu.com.cn" as well as the acquisition of equity interest in projects such as the digital pay TV channel "Super Channel" and the mobile TV platform "100TV", the Group has completed its "Three Screens" strategic layout of "TV+Internet+mobile".

## 2. Wugu.com.cn (吾谷網)

With an objective of becoming the largest and the most authoritative agricultural portal website in China, wugu.com.cn officially went online in February 2012, and is one of the Group's projects devoted to expanding its business to the upstream of the media industry value chain. Through obtaining capital injection and professional support together with elites and talents from the fields of Internet technology, agriculture and brand communication, wugu.com.cn has been positioned as the fastest growing new media platform amongst the agricultural media in Mainland China. In an effort to establish an integrated agricultural portal website which provides information communication services within the full agricultural industry value chain, wugu.com.cn is the first website to introduce the concept of "Origin in China" (中國原產地). Adhering to this concept, it has also launched a "Specialty Page", which acts as a new base for information exchange regarding agricultural specialties in Mainland China.

In just a few months after its official launch, wugu.com.cn has developed rapidly and was ranked one of the top three in terms of Internet traffic amongst integrated agricultural websites in China. As of December 2012, wugu.com.cn had an average number of visits per day of 320,000 with visits from 86,000 independent IP addresses. Accordingly, it was ranked the first in the Alexa global ranking amongst agricultural Internet media in China.



### 3. Super Channel (環球奇觀)

In March 2012, the Group entered into an agreement with Global Broadcasting Media Group (國廣環球傳媒控股有限公司), a company under China Radio International, to invest and participate in the operations of Super Channel, a digital pay TV channel. The digital pay TV channel Super Channel is approved by the State Administration of Radio Film and Television as a humanities and science educational TV channel featuring various spectacles. Since its first broadcast through satellite television in 2007, the channel has broadcast in 252 provinces and cities through cable networks, covering a TV audience of nearly 50 million.

The three abovementioned new projects, together with the Group's investments in the projects of CNLive and 100TV in 2011, has further strengthened the Group's channel layout which acts as a key framework for the Group's "Channel+Content" strategic development into the upstream media business.

## FINANCIAL REVIEW

### Revenue and Profit Attributable to the Equity Shareholders of the Company

For the year ended 31 December 2012, the Group recorded revenue of RMB1,642,113 thousand, representing an increase of 2% from RMB1,617,800 thousand last year.

Revenue details for the year under review are as follows:

- I. Before the deduction for sales taxes and surcharges, revenue recorded from media resources management was RMB1,592,942 thousand, down 1% from RMB1,605,435 thousand last year. The drop in revenue was mainly attributable to the following:
  - (1) Since the beginning of this year, the domicile of the Group's principal operating subsidiaries have launched tax reforms, shifting from business taxes to value-added taxes; the revenue for the year ended 2012 was, therefore, the amount excluding tax (based on the amount of sales contracts divided by 106%). If the revenue included tax, revenue for the year would have increased by approximately 5% year-on-year;
  - (2) In view of macroeconomic uncertainties and market environment factors, the domestic advertising industry faced a slowdown in 2012 and experienced nearly zero growth in the first half of the year. However, the Group promoted sales by enhancing sales efforts, offering a diversified media product portfolio, and strengthening regional and industry specific promotional initiatives. As a result, the Group experienced a significant rebound in revenue in the second half of the year, and recorded a moderate increase in revenue for the year.

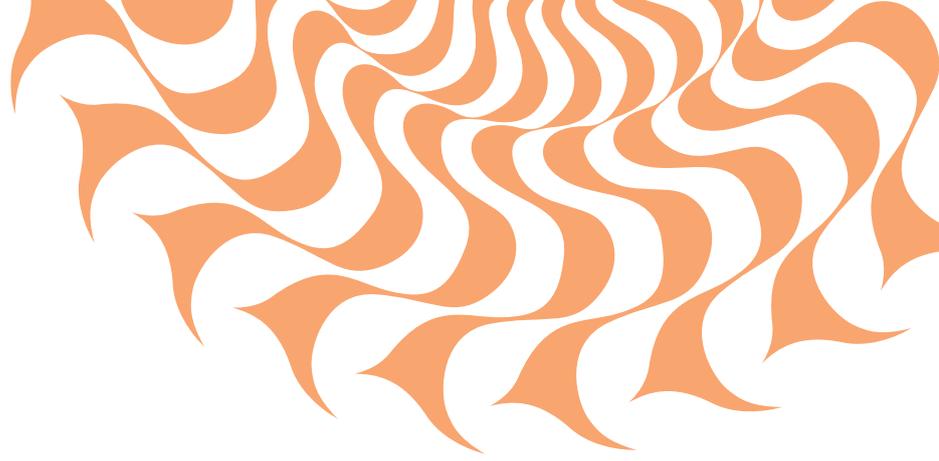


- II. Before the deduction for sales taxes and surcharges, turnover recorded from integrated brand communication services was RMB1,232,114 thousand, up 45% from RMB849,943 thousand last year. Under the International Accounting Standards, the Group's revenue is credited as net commission with relevant procurement costs deducted from turnover if the Group procures media resources in the capacity of an agent for clients. On this basis, revenue from this business was RMB39,276 thousand, a significant increase of 111% over RMB18,613 thousand last year. The continuous increase in revenue was mainly attributable to the Group's increased promotion efforts and resource allocation to this business, which encouraged the steady expansion in the scale of operation of the business. In addition, the Group has persistently enhanced its professional service capabilities, and thus gained recognition from an increasing number of clients and acquired more major clients from the fields of finance, insurance and consumer goods.
- III. Before the deduction for sales taxes and surcharges, revenue recorded from creative production of advertisement and content was RMB35,706 thousand, down 9% from RMB39,255 thousand last year. Excluding the impact arising from the tax reform of shifting from business taxes to value-added taxes (given that the accounting revenue was reverted to revenue inclusive of tax), revenue from creative production of advertisement and content would have decreased 4% as compared to last year.

Revenue from this business segment mainly included revenue from commercial advertisement production and revenue from the production and distribution of promotional videos by the nationwide public service advertising broadcast network, amongst which:

- (1) The commercial advertisement production segment continued to develop and recorded an increase in revenue, client volume and contract value as compared to last year;
- (2) Revenue from the production and distribution of promotional videos for the nationwide public service advertising broadcast network decreased as compared to last year. The decrease in revenue for this business was mainly due to the sluggish overall market conditions and uncertain market outlook. In view of the above, the Group determined that the clients' demand for this business would be temporarily weakened, and thus reduced the resource and management time devoted to this business segment accordingly. Looking ahead, with gradual improvement in market conditions and growing demand from clients, revenue from this business will resume its normal growth rate, and the management of the Group is optimistic about its future performance.

As the overall revenue recorded from the above businesses grew as compared to last year, while the increases in the cost of services and operating expenses were controlled at



reasonable levels, the profit attributable to equity shareholders of the Company for the year ended 31 December 2012 rose to RMB302,591 thousand, representing an year-on-year increase of 27% from RMB238,945 thousand last year.

### Operating Expenses

For the year ended 31 December 2012, the Group's operating expenses were RMB176,675 thousand in aggregate, representing an year-on-year increase of RMB20,549 thousand, and accounted for 10.8% of the Group's revenue (year ended 31 December 2011: 9.7%).

The operating expenses include the following items:

- I. Selling and marketing expenses amounted to RMB68,216 thousand, showing an increase of approximately RMB1,438 thousand from RMB66,778 thousand last year, and accounted for 4.2% (year ended 31 December 2011: 4.1%) of the Group's revenue. The increase in selling and marketing expenses was mainly due to the fact that following the increase in revenue, labour costs, such as performance-based payroll of marketing personnel, rose by approximately RMB1,138 thousand year-on-year.
- II. General and administrative expenses amounted to RMB108,459 thousand, representing an increase of RMB19,111 thousand from RMB89,348 thousand last year, and accounted for 6.6% of the Group's revenue (year ended 31 December 2011: 5.5%). The increase in general and administrative expenses was mainly due to the fact that:
  - (1) The Group's expanded business scale led to the establishment of a number of new departments, and the recruitment of management and professionals for such departments, resulting in an increase in back-office staff payroll of approximately RMB11,881 thousand over last year;
  - (2) In line with our business expansion, additional office space and office equipment were needed. Therefore, lease and property fees and depreciation increased by approximately RMB3,902 thousand as compared to last year;
  - (3) Provision for impairment losses on trade debtors and other debtors and impairment on long-term investments in aggregate increased by approximately RMB2,665 thousand in total as compared to last year, and amounted to RMB20,801 thousand, which mainly includes: (a) provision for impairment losses on trade debtors was approximately RMB6,921 thousand; and (b) for prudence and having conducted a valuation assessment of the company, the Group has provided approximately RMB9,380 thousand for the impairment of an equity investment in a vertical travel portal website.



Excluding the provision for impairment losses on trade debtors and other debtors and impairment on long-term investments, general and administrative expenses amounted to RMB87,658 thousand, accounting for 5.3% of the Group's revenue (year ended 31 December 2011: 4.4%). General and administrative expenses took up slightly more of the Group's revenue as compared to last year, but its growth was still within the reasonable range expected by the Group.

The Group will continue to strengthen and optimize its overall budgetary control over its operating expenses, so as to achieve a more steady and efficient management for this aspect.

#### Significant Investments and Acquisitions

Major investments and acquisitions which took place during the year are as follows:

- I. In March 2012, the Group entered into an agreement with Global Broadcasting Media Group, the shareholder of Guoguang Shengshi Cultural Media Company (國廣盛世文化傳媒(北京)有限公司) ("Guoguang Shengshi"), to inject to Guoguang Shengshi an additional investment of RMB10 million, which accounted for 49% of Guoguang Shengshi's registered capital, and take part in the operation of the digital pay TV channel "Super Channel", which is owned by Guoguang Shengshi.
- II. In December 2012, the Group entered into an agreement with the shareholder of Hangzhou 3G Media Company Limited ("Hangzhou 3G"), the operator of the video website boosj.com, regarding the transfer of equity interest in Hangzhou 3G and capital injection. The aggregated amount of consideration for the acquisition and capital injection amounted to RMB49.89 million. As at 31 December 2012, the Group has paid RMB22.869 million for this project. Following the completion of this transaction, the Group will own 75.26% of the shareholding interest in Hangzhou 3G.
- III. In December 2012, the Group entered into a framework agreement with an independent third party to acquire the office premises located on the 6th to 16th floor as well as 40 parking lots located on the 2nd underground floor of the Tianjie Building, which is situated at Block 4, 9 Guanghua Road, Chaoyang District, Beijing, for the cost of RMB854 million (inclusive of the consideration and intercepting fees for the acquisition). Meanwhile, the Group has terminated the acquisition of the property at 12 Dongdaqiao Road, Chaoyang District, Beijing ("Dongdaqiao Property"), and the consideration paid for this acquisition project, which amounted to RMB230 million, will be fully refunded to the Group by the vendor (which may be utilized to offset part of the consideration payable for the acquisition of the office premises of Tianjie Building). As at 31 December 2012, the Group has paid RMB540 million in respect



of the Tianjie Building project. The acquisition was mainly due to the fact that the floor area of the Dongdaqiao Property the Group originally planned to acquire is inadequate to support the current needs of the business development and team expansion of the Group. Also, the existing office locations are widely scattered, and the consolidation of office locations can simplify management, strengthen communication and improve operational efficiency, which will in turn support the Group's overall development.

### Liquidity and Financial Resources

During the year under review, the Group maintained a strong financial position and adequate liquidity.

As at 31 December 2012, the Group's cash and bank balances amounted to RMB1,442,752 thousand (31 December 2011: RMB913,179 thousand), up 58% as compared to the end of last year, of which 99% was denominated in Renminbi and 1% in US dollar and other currencies.

The Group further strengthened its liquidity management. During the year under review, the net cash inflow from operating activities amounted to RMB1,197,847 thousand (year ended 31 December 2011: RMB526,983 thousand). After deducting RMB567,611 thousand in net cash outflow from investment activities mainly arising from equity investments and property acquisition, and RMB101,390 thousand in net cash outflow from financing activities arising mainly from the payment of final and special dividends for 2011, there was still an increase in cash and bank balances of approximately RMB529,573 thousand as compared to the end of last year.

The Group continued to reinforce strict management and control over receivables and delayed client payments. As a result, the accounts receivables remained at a low level. As at the end of the year, the Group's accounts receivables (excluding notes receivables) after provision for allowance for doubtful debts amounted to RMB86,451 thousand (31 December 2011: RMB74,811 thousand), accounting for the 5.3% of the Group's revenue (calculated as the accounts receivables at the end of the year over the revenue from operation for the year). As at 31 December 2012, the Group's accounts payables amounted to RMB1,165,772 thousand (31 December 2011: RMB432,475 thousand), representing an increase of RMB733,297 thousand. The increase was mainly attributable to extension of credit period granted by media suppliers regarding a portion of the media agency costs payable for the year by the Group. The Group will closely monitor its present and expected liquidity status to ensure that its cash is maintained at a level that can adequately meet its short-term and long-term liquidity requirements.



As at 31 December 2012, the Group's total assets amounted to RMB2,839,156 thousand, which consists of equity attributable to equity shareholders of the Company of RMB1,224,713 thousand and non-controlling interests of RMB8,987 thousand. As at year end, the Group did not have any bank borrowings or assets held under financial lease.

The majority of the turnover, expenses and capital investments of the Group were denominated in RMB.

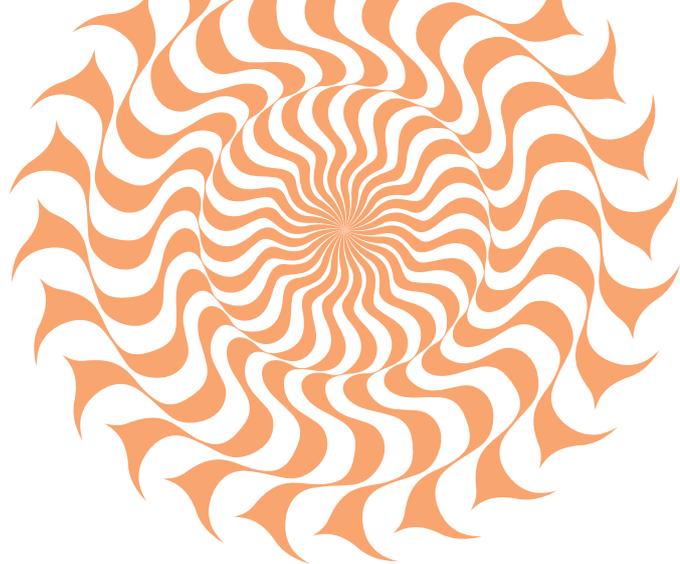
#### Human Resources

As at 31 December 2012, the Group had a total of about 440 employees, an increase of approximately 14% over the beginning of the year. We have implemented a remuneration policy that is competitive in the industry, and offer commissions and discretionary bonuses to our sales personnel and other employees in accordance to the performance of the Group and of individual employees. The Group also reviews its remuneration policy periodically. Meanwhile, we also provide employees with benefits such as insurance and medical check-ups as well as various training courses, with a view to maintaining the Group's competitiveness in the labour market. In addition, in order to align the interests of employees with those of shareholders, share options are granted to employees under the Company's share option schemes. Share options that were granted and remained unexercised as at the end of the year amounted to 36,896,500 units.

#### INDUSTRY AND GROUP OUTLOOK

In 2012, China achieved a growth of 7.8% in gross domestic product, among which the growth in the fourth quarter amounted to 7.9%. The growth not only ceased the receding trend over the last seven consecutive quarters, but also outperformed the market expectation. The Group believed that it was an explicit sign of "national economy operated in stability, and economy and society advanced in deliberation". Regarding the industry, as one of the key components of the mass culture industry, the media advertising industry shall see historic development opportunities during the "12th Five-Year" period, with the support of the State's policies, development of national economy, advancement in information technology and extended experience gained by the industry over years. According to the "12th Five-Year development plan for the advertising industry" announced by the State Administration for Industry and Commerce, the State's government will give extended support to the media advertising industry through its fiscal and taxation policies, enhance the industrial level of integration, specialisation and internationalisation, in a bid to further maximise both economic and social contributions of the media advertising industry. Therefore, with continuous attention to the prevailing economic landscape and active capture of business opportunities, the Group remains positive to the outlook in 2013.





In the time when opportunities abound and yet industry consolidation accelerates, we believe that swift changes in the industry require its leading players to set up examples and standards in a number of aspects, including brand influence, market share, resource deployment capability, operational system, organisational management and talent cultivation, combine with its own strengths, and walk along an innovative path under clear strategic goals.

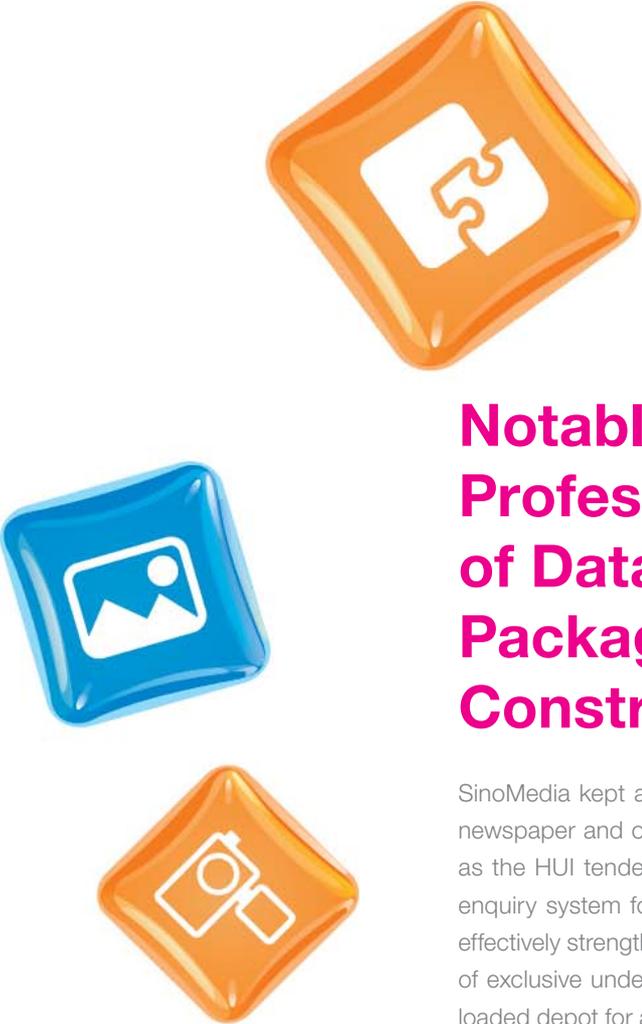
Hence, the Group will adhere to the principle of “video media management as its core business”, continue to refine the operation of all business sectors from upstream to downstream of the media industry value chain which has been established during the year, and consolidate the communication platform involving all media. With regard to media resources management, the major business contributor of the Group, we strive to deeply plow our current customer base in the vertical level and expand clientele, maintain market share and continue to highlight our industry advantages. From the perspective of customer servicing, providing omni-media communication service under renowned brand name remains a dominant trend. We will develop each component of the multi-media and achieve breakthroughs in the brand management consultancy business. Meanwhile, by making use of the self-developed HUI tender system and M-cube investment driver, the Group will exert major efforts on promoting the brand of its integrated brand communication services, with an aim to gain reputation and distinguish itself from other competitors.

The “Channel+Content” media platform of the Group has been established during the year. The Group has also acquired the leading platform resources required in the development of video media operation. For those completed strategic acquisition projects, general development approaches in the coming year have been set out: the Group will re-position and re-package boosj.com for integration before further development, improve the profitability of the TV channel Super Channel, and strengthen the brand and marketing power of wugu.com.cn. The mid-term target of the Group is to focus on developing the mentioned media channels and build up interaction and linkage among them. Upon effective integration of branding and marketing resources of the Group, we strive to facilitate survival, growth and expansion of various media in their respective realms and ultimately maximise values in communication, thereby forming a new bolster for the Group’s core business.

We believe, along with the media advertising industry gaining support from steady economic growth in China and policies formulated by the State, directors, the management and all staff of the Group will aim at developing a top-ranking media corporation both domestically and internationally with radiative effect in the industry, keeping on to reap great investment returns for our investors.







## Notable Progress in Professional Capabilities of Data Mining, Product Packaging and Theory Construction

SinoMedia kept abreast with various mainstream media including TV, the Internet, newspaper and outdoor media. Moreover, it proposed strategic methodology such as the HUI tender system and M-cube investment driver, and self-established an enquiry system for CCTV advertisement placement. On one hand, these systems effectively strengthened the product development, design and packaging capabilities of exclusive underwritten media resources. On the other hand, they served as the loaded depot for all of our strategic case proposals.



## Gradual Formation of Multidimensional Marketing System and Significant Increase in Brand Influence

SinoMedia exerted full effort in its brand promotion and marketing. Brand reputation and influence were significantly enhanced by the multidimensional brand promotion system which was comprised of customer promotion conference, exhibition, journal publication, media relation and social media communications. The series media marketing campaign “ads promoted by ads” took place in Shanghai, Qingdao, Guangzhou and Beijing, with its scale and subject well-received by customers. The campaign significantly enhanced the quality of communication between the Company and its customers. Meanwhile, the Group proactively made use of the social media and “we media” platforms like Weibo (微博) and WeChat (微信). Starting off from its own business, SinoMedia developed a comprehensive and flexible way of contents communication, presenting an energetic, diversified and innovative SinoMedia to our customers, media and the mass public.



# Directors and Senior Management

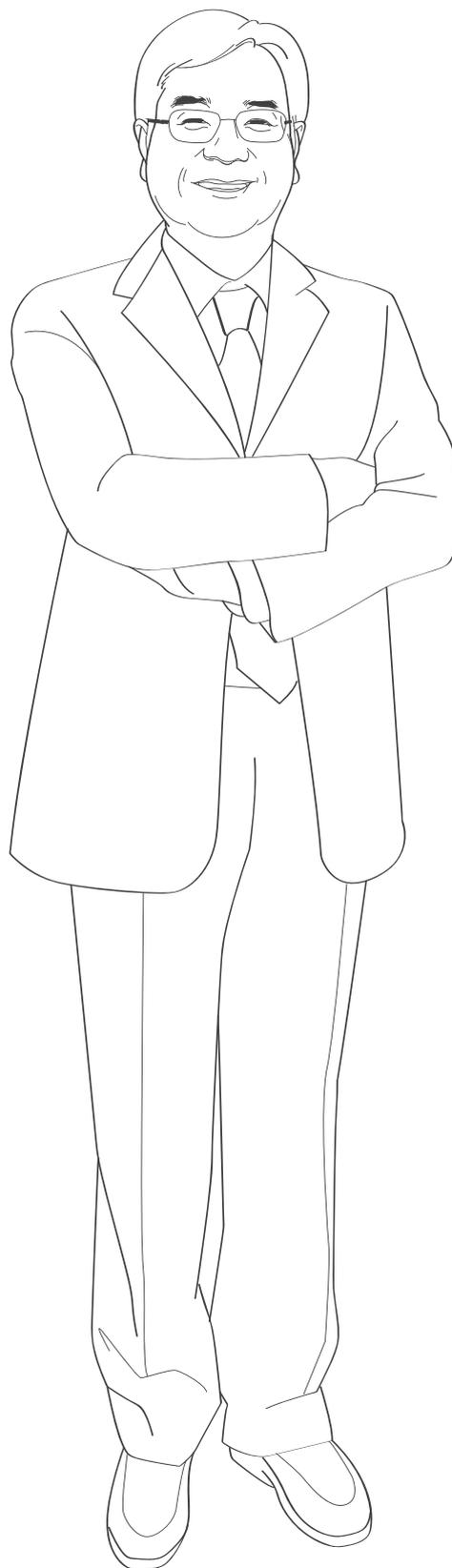
## MR. CHEN XIN (陳新)

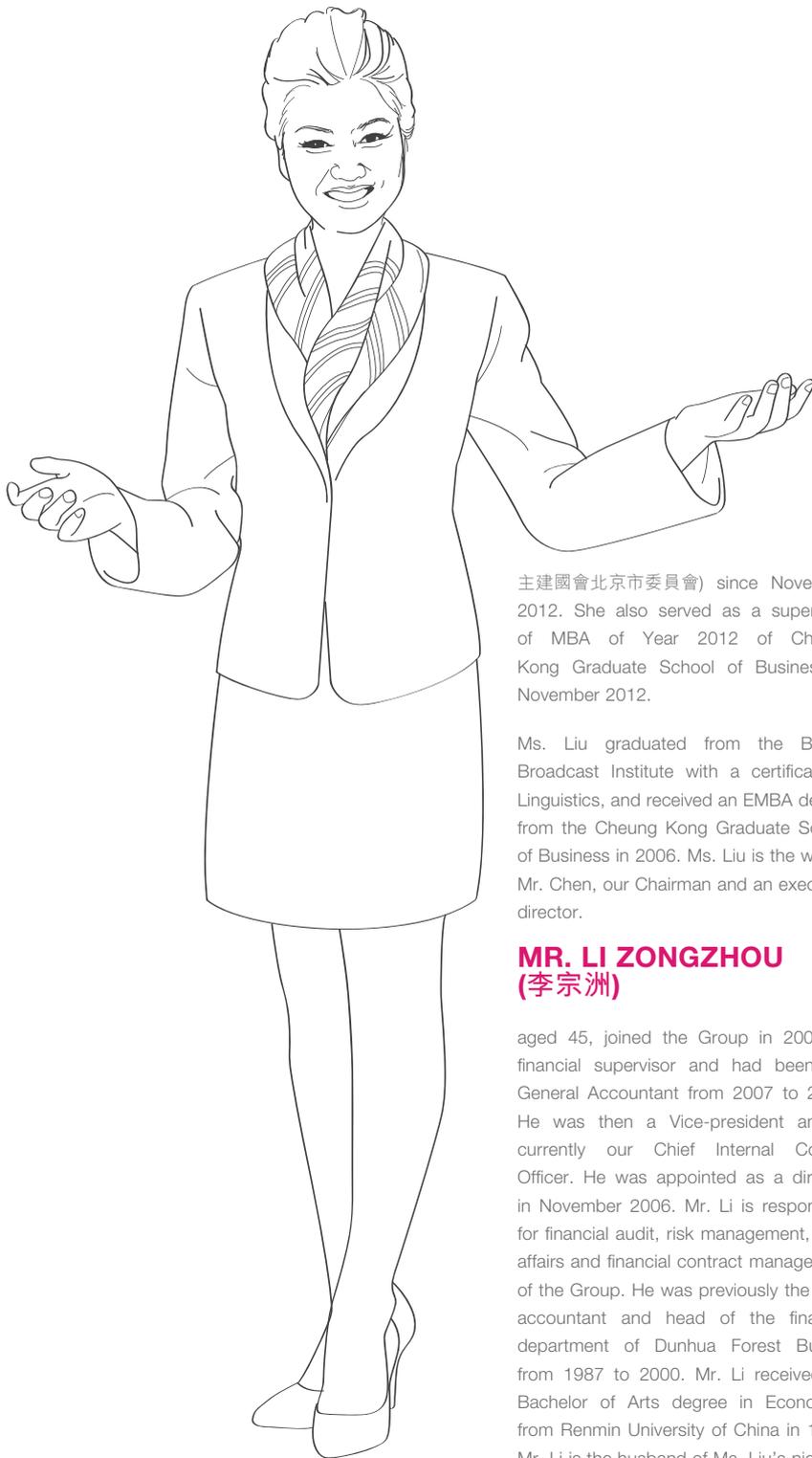
aged 46, has been our executive director since November 2006. He was appointed as our Chairman in December 2007. He is primarily responsible for the strategic development, financial planning and overall management of the Group. Mr. Chen has 25 years of experience in the media industry. He was previously a reporter for the overseas service department and the Australian branch of Xinhua News Agency. He was also a director of the economic news office, central news office and news distribution office of the overseas service department of Xinhua News Agency from 1988 to 2004. He is also the standing vice-president of the Magazine Publishing House, which publishes the periodical “China Radio Film and Television” (中國廣播影視), under the supervision of the State Administration of Radio, Film and Television. Mr. Chen received his Bachelor of Science degree in Biology and Genetics from Fudan University in 1986, completed a Master’s course in International News from Fudan University in 1988 and received an EMBA degree from the Cheung Kong Graduate School of Business in 2006. Mr. Chen is the husband of Ms. Liu, our Chief Executive Officer and an executive director.

## MS. LIU JINLAN (劉矜蘭)

aged 44, has been our Chief Executive Officer since she founded the Group in 1999. She has served as a director since 24 October 2001. She is primarily responsible for the overall management of business operation and customer development. Ms. Liu previously worked at CCTV as a news broadcaster, a reporter and then a director from 1995 to 1998.

Since she founded our Group, she was instrumental in designing and executing advertising campaigns which have influenced the TV media industry, for which she was jointly recognised as one of the “Top Ten Female Advertising Professionals in China” (中國十大最具風采女性廣告人) by CCTV, Advertising School of the Communication University of China (中國傳媒大學廣告學院), “Advertising Guidance” (廣告導報) and “Business” magazine (經營者雜誌社) in 2006. She was elected chairman of The Association of Accredited Advertising Agencies of China (中國4A協會) in January 2008, and jointly recognised as one of the “2008 Top Ten People in Media Advertising in China” (2008中國十大傳媒廣告人物) by School of Journalism and Communication of Renmin University of China (中國人民大學新聞學院), Journalism School of Fudan University (復旦大學新聞學院) and other institutions in December 2008. In 2009, in a celebration marking the 60th founding of New China, she was jointly recognised as the “2009 China’s Advertising Industry’s Outstanding Woman” (2009年度中國廣告行業傑出女性) by China Advertising Association of Commerce (中國商務廣告協會), Beijing Advertising Association (北京廣告協會), “21st Century Advertising Magazine” (21世紀廣告雙週刊), and the organizing committee of the 21st AD International Summit (21世紀廣告國際峰會組委會). She was also elected a vice-chairman of the first Media Committee of China Association of National Advertisers (中國廣告主協會) in December 2009. She was jointly recognised for two successive years as one of the 2009/2010 and 2010/2011 “Top Ten Influential Female Advertising Professionals in China” (中國最具影響力十大女性廣告人) by “Advertising Guidance” magazine (廣告導報雜誌社) and MBA School of the Communication University of China (中國傳媒大學MBA學院) in September 2010 and April 2011 respectively. She was elected as the deputy head of Advertising Artistic Committee of China Television Artists Association (中國電視藝術家協會廣告藝術委員會) in March 2012. She was elected as the vice president of Beijing Chaoyang District Association of Women Entrepreneurs (北京市朝陽區女企業家協會) in July 2012. She became the Beijing member of China National Democratic Construction Association (中國民主建國會) in August 2012, and served as the committee member of Beijing Committee of China National Democratic Construction Association (中國民



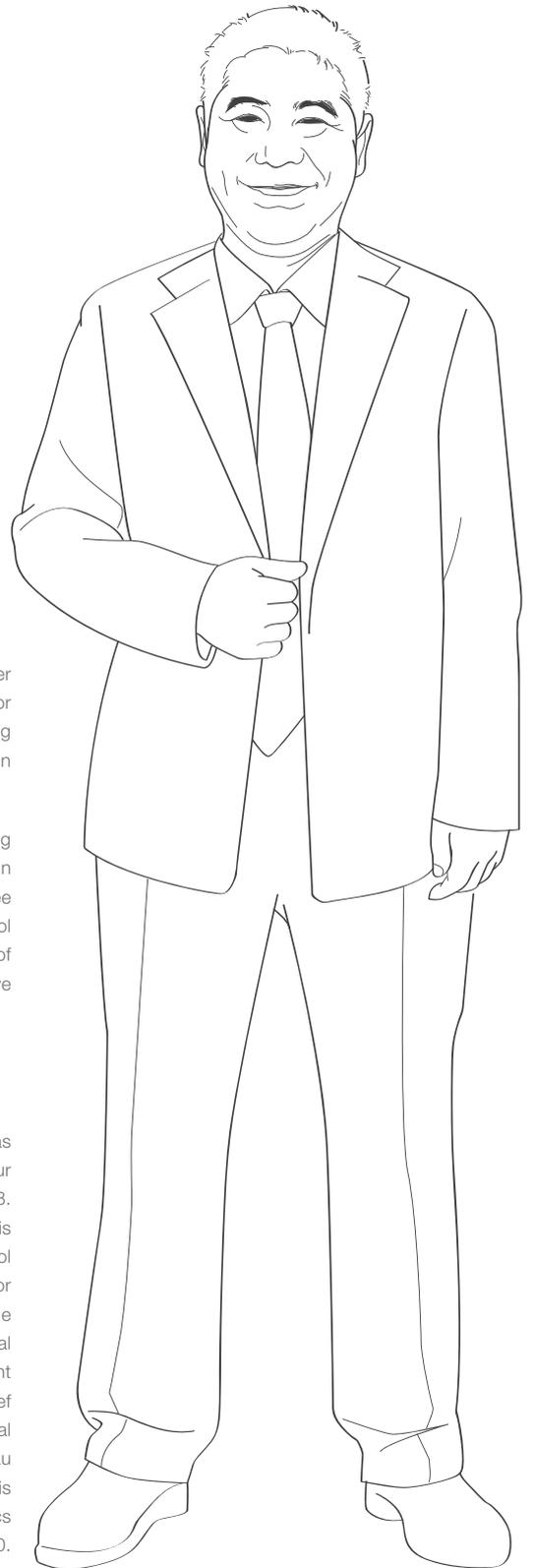


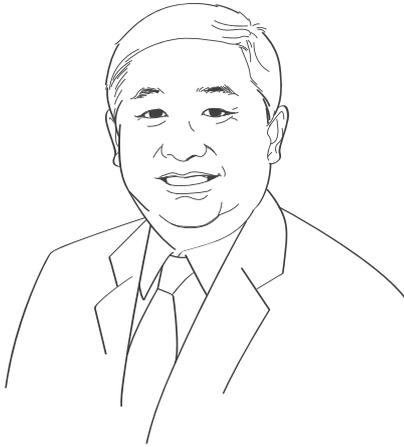
主建國會北京市委員會) since November 2012. She also served as a supervisor of MBA of Year 2012 of Cheung Kong Graduate School of Business in November 2012.

Ms. Liu graduated from the Beijing Broadcast Institute with a certificate in Linguistics, and received an EMBA degree from the Cheung Kong Graduate School of Business in 2006. Ms. Liu is the wife of Mr. Chen, our Chairman and an executive director.

### **MR. LI ZONGZHOU (李宗洲)**

aged 45, joined the Group in 2000 as financial supervisor and had been our General Accountant from 2007 to 2008. He was then a Vice-president and is currently our Chief Internal Control Officer. He was appointed as a director in November 2006. Mr. Li is responsible for financial audit, risk management, legal affairs and financial contract management of the Group. He was previously the chief accountant and head of the financial department of Dunhua Forest Bureau from 1987 to 2000. Mr. Li received his Bachelor of Arts degree in Economics from Renmin University of China in 1990. Mr. Li is the husband of Ms. Liu's niece.





### **MR. ZHU JIA (竺稼)**

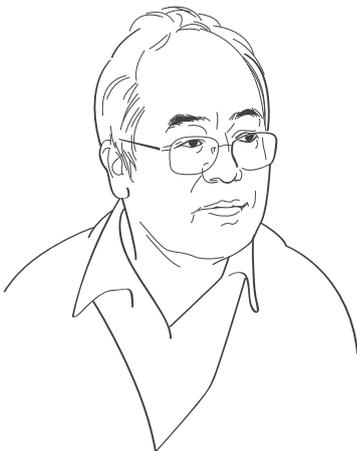
aged 50, has been our non-executive director since November 2006. He is currently also a Managing Director of Bain Capital, LLC. Prior to joining Bain Capital, LLC in 2006, Mr. Zhu was a Managing Director of investment banking department of Morgan Stanley Asia Limited and Chief Executive Officer of its China business. Mr. Zhu has ample and extensive experience in a broad range of cross border mergers and acquisitions and international financing transactions of PRC companies. Mr. Zhu received a Bachelor of Arts degree from Zhengzhou University in 1982, a Master of Arts degree from Nanjing University in 1984 and a Juris Doctorate from Cornell Law School in 1992.

Mr. Zhu currently holds directorships in the following publicly listed companies: Gome Electrical Appliances Holding Limited (Hong Kong Stock Exchange), Sunac China Holdings Limited (Hong Kong Stock Exchange), Greatview Aseptic Packaging Company Limited (Hong Kong Stock Exchange), Clear Media Limited (Hong Kong Stock Exchange) and Youku.com (New York Stock Exchange).



### **MR. HE HUI DAVID (何暉)**

aged 52, has been our non-executive director since August 2011. He is currently the Operating Partner of Bain Capital Asia, LLC. He has more than 20 years of experience in engineering, sales and marketing and general business management in the United States of America and Asia. Before joining Bain Capital Asia, LLC in 2007, Mr. He had spent over 13 years with General Electric (GE) in various capacities. Mr. He received his Ph.D. degree in Physics from the University of Michigan in Ann Arbor, the United States of America. He obtained a Master Degree in Business Administration from Kellogg School of Business at the Northwestern University and was a graduate of the Peking University in the PRC.



### **MR. DING JUNJIE (丁俊杰)**

aged 49, has been our independent non-executive director since May 2008. Mr. Ding has over 20 years of experience in the media and advertisement industry. He is a professor and a supervisor of Ph.D. candidates of the Communication University of China (中國傳媒大學) (formerly known as the Beijing Broadcasting Institute (北京廣播學院)) and served as the deputy head of the Advertising Teaching and Research Office, the deputy head of the Advertising Department, and the vice dean and the dean respectively of the News and Communication School (新聞傳播學院), and vice principal of the Communication University of China. Currently, he serves as the deputy head of the academic committee of the Communication University of China, a director of the Research Base of Capital Media Economics (首都傳媒經濟研究基地) and the Asia Media Research Centre (亞洲傳媒研究中心) respectively, and a vice president of the China Advertising Association (中國廣告協會), the Chinese Association for History of Journalism and Mass Communication (中國新聞史學會), and the China Advertising Association of Commerce (中國商務廣告協會) respectively. Mr. Ding is also a chief editor of Media Magazine (媒介雜誌), International Advertising (國際廣告) and the Annual Book of Chinese Advertising Works (中國廣告作品年鑒) respectively. Mr. Ding received a Bachelor of Arts degree in Journalism in 1987 and a Ph.D. degree in Journalism in 2003, both from the Beijing Broadcasting Institute.



### **MR. QI DAQING (齊大慶)**

aged 48, has been our independent non-executive director since May 2008. He taught as an assistant professor and then an associate professor in accounting at the Chinese University of Hong Kong between 1996 and 2002. Mr. Qi joined the Cheung Kong Graduate School of Business in July 2002 where he currently serves as a professor of Accounting and associate dean. He serves as an independent director and a member of audit committee of Sohu.com Ltd., Focus Media Holding Limited and Honghua Group Limited respectively, and serves as an independent director of China Vanke Co., Ltd., AutoNavi Holdings Limited and Bona Film Group Limited respectively. Mr. Qi obtained a Bachelor of Science degree in biological physics in 1985 and a Bachelor of Arts degree in international mass communication in 1987, both from Fudan University in Shanghai. He received an MBA degree from the University of Hawaii at Manoa in 1992 and then a Ph.D. degree in accounting from the Michigan State University in 1996.

Mr. Qi currently holds directorships in the following publicly listed companies: Sohu.com Ltd. (NASDAQ), Focus Media Holding, Ltd. (NASDAQ), Honghua Group Limited (Hong Kong Stock Exchange), China Vanke Co., Ltd. (Shenzhen Stock Exchange), AutoNavi Holdings Limited (NASDAQ) and Bona Film Group Limited (NASDAQ).

Through his roles as an independent director in various companies and as a result of his overall professional experience, Mr. Qi has obtained expertise in accounting and financial management. In addition to lectures and presentations in accounting issues at various professional settings, he has authored research papers on accounting, financial reporting, capital market and other related topics that are published in leading academic journals. Mr. Qi is experienced in reviewing and analysing financial statements of public companies.



### **MR. LIAN YUMING (連玉明)**

aged 49, was appointed as our independent non-executive director in May 2011. Mr. Lian graduated from the Shanxi University (山西大學) in 1987 with a bachelor of laws degree. He currently serves as the President of the International Institute for Urban Development, Beijing (北京國際城市發展研究院), a researcher of the Research Center of National Conditions and Policies of the Party School of the Central Committee of Communist Party of China (中共中央黨校國情國策研究中心), the Chairman of the International Cities Forum Foundation (國際城市論壇基金會) and a committee member of the Expert Consultative Committee of the Beijing Municipal Government (北京市政府專家諮詢委員會). He has a number of publications including the Report on Competitiveness of Chinese Cities (中國城市綜合競爭力報告), the Report on the Living Quality of Chinese Cities (中國城市生活質量報告), the Report on the Brand Value of Chinese Cities (中國城市品牌價值報告), the Report on the Core Problems of the 11th Five-Year Plan of Chinese Cities (中國城市「十一五」核心問題研究報告), the Report on the Core Problems of the 12th Five-Year Plan of Chinese Cities (中國城市「十二五」核心問題研究報告) and the Blue Book of Social Administration — Report on the Innovation of China's Social Administration No.1 (社會管理藍皮書 — 中國社會管理創新報告No.1). Mr. Lian has received various awards from government bodies and communities in recognition of his achievement and contribution to society, including the Beijing Municipal Committee of the Chinese People's Political Consultative Conference (政協北京市委員會).



### **MS. WANG XIN (王昕)**

aged 41, has been appointed as our independent non-executive director in May 2012. Ms. Wang has been the joint president and chief operation officer of Sohu.com Ltd. since 2009. She joined Sohu.com Ltd. in 1999. Prior to joining Sohu.com Ltd., Ms. Wang accumulated extensive experience in the field of sales and marketing. She worked in various companies, including Motorola (China) Company Limited where she served as an officer of the Marketing and Government Relations Department from 1996 to 1997. Ms. Wang graduated from Beijing Technology and Business University in China in 1992 with a Bachelor of Arts. She obtained a diploma in applied linguistics at the Southeast Asian Ministers of Education Organization Regional Language Centre, Singapore in 1996 and completed the China CEO program jointly offered by Cheung Kong Graduate School of Business, Columbia Business School, IMD and London Business School in 2011.



### **MR. LIU XUMING (劉旭明)**

aged 45, was our Senior Vice President from 2005 to 2010, and was appointed as our Chief Operation Officer in 2011. Mr. Liu is in charge of the Group's overall operation management. He joined the Company in November 1999. Mr. Liu has over 10 years of experience in city branding management, TV media operation and management, and advertisement design and market development, and has a strong understanding of the positioning, design and operation of TV programmes. He was the president of Dunhua Cable TV Station in Jilin Province from 1997 to 1999. Mr. Liu served as the Chairman of Supervision and Examination for China Public Service Advertisement Grand Prix in 2010, he also chaired the judges for 2012 China 4A Gold Seal Award Media Category. Mr. Liu received an MBA degree from California University of Management and Sciences in 2003.

### **MR. CHAN OI NIN DEREK (陳凱年)**

aged 45, was appointed as our Qualified Accountant and Company Secretary in May 2008, and was appointed as our Chief Financial Officer in June 2010. Mr. Chan has over 15 years of experience in accounting and auditing and was the financial controller and qualified accountant of TCL Multimedia Technology Holdings Limited before joining us. He is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Chan received a Bachelor of Science degree from the Chinese University of Hong Kong in 1989 and an MBA degree from Monash University in 1995.

### **MS. JIN LANXIANG (金蘭香)**

aged 34, has been our Senior Vice President since April 2008, and was appointed as the Group's Chief Marketing Officer in 2011, in charge of the advertising sales of programs of CCTV to which the Group has exclusive underwriting rights. She joined the Group in 2001 and was the General Manager of our City Branding Centre in 2006 and 2007. Ms. Jin has worked in media industry for more than ten years and has extensive media sales experience and systematic media sales idea, providing a strong and solid customer base for the Group. Ms. Jin has successfully provided services to over 100 city and travel-related clients and participated in the provision of communication services for more than 200 large and medium-size enterprises. Ms. Jin majored in finance at Beijing Construction University from 1996 to 1999.





**MS. SHEN HONGYAN**  
(沈鴻雁)

aged 42, has been our Chief Media Officer since August 2011, and is responsible for the relations and execution management of media resources, and the management of our CCTV bidding business and integrated brand communication services business. Ms. Shen has rich experience in media and market research, media advertisement operation and media investment management. She served as the Managing Director of Maxus under GroupM from 2008 to 2011 and the Account Director of the Advertising Department of CCTV from 2001 to 2008, before which, Ms. Shen held an important post in research of CTR Market Research Co. Ltd. Ms. Shen obtained a bachelor's degree from Capital Normal University in 1992 and an EMBA degree from China Europe International Business School in 2008.

**MR. HUANG PING (黃平)**

aged 49, has been our Senior Vice President since December 2011, and is responsible for the strategic development of media contents and channel platforms. Mr. Huang has extensive media-related work experience. He worked for MTV as its Senior Vice President and General Manager for Greater China from 2009 to 2011. From 2006 to 2009, he was Vice President in STAR China Co., Ltd. Before that, Mr. Huang was Associate Director for the Satellite Channel under Shanghai Media Group and has accumulated extensive experience in programme production and distribution. Mr. Huang obtained a bachelor's degree from the Journalism Department of Fudan University in 1986 and finished his postgraduate study in International News in Fudan University in 1988.



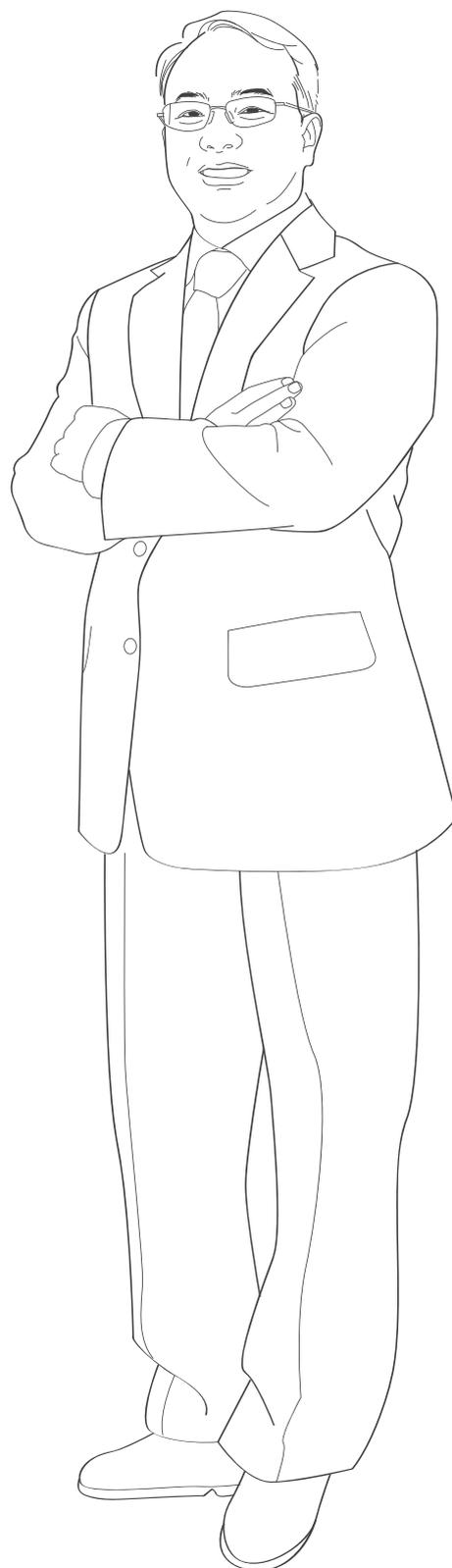
## MS. ZOU JUAN (鄒涓)

aged 39, joined the Group as the Vice President since July 2012, and takes charge of the organisational and strategic human resources management of the Group. Ms. Zou has acquired 16 years' professional experience from multi-national corporations and specializes in designing and implementing effective talent management, organization change and development plans based on corporate characteristics and strategies. She established or developed strategic human resources management systems for various companies and successfully drove the realization of corporate strategies and development of organization, talents and cultures. Ms. Zou served as the Director of Human Resources and Culture unit of Ericsson Chongqing companies, China Human Resources Head of transportation business for General Electric, China Human Resources Director for Avenue Capital Group. Ms. Zou received her Bachelor of Arts degree in English Literature from Sichuan International Studies University in 1995 and was awarded a Master degree in Human Resources Management from the University of Manchester in the U.K. in 2003.



## MR. CHEN QING (陳清)

aged 35, was appointed as the Vice President of the Group in 2012, and is responsible for the brand building, marketing and promotion, media strategy, product design, and the use and management of media resources of the Group. Since joining the Group in June 2005, Mr. Chen served as the financial manager, vice financial controller, Board secretary, general manager of marketing and media strategy, and general manager of Beijing Taihe Ruishi Advertising Company Limited, a wholly-owned subsidiary of the Group. He is extensively experienced both theoretically and practically in the areas of financial management, marketing and sales, media studies and strategy, and media operations. Mr. Chen once worked at Lianxun Securities (聯訊證券) of SEEC (聯辦集團), responsible for marketing and sales. Mr. Chen graduated from the University of International Business and Economics and received his Bachelor degree in Economics.

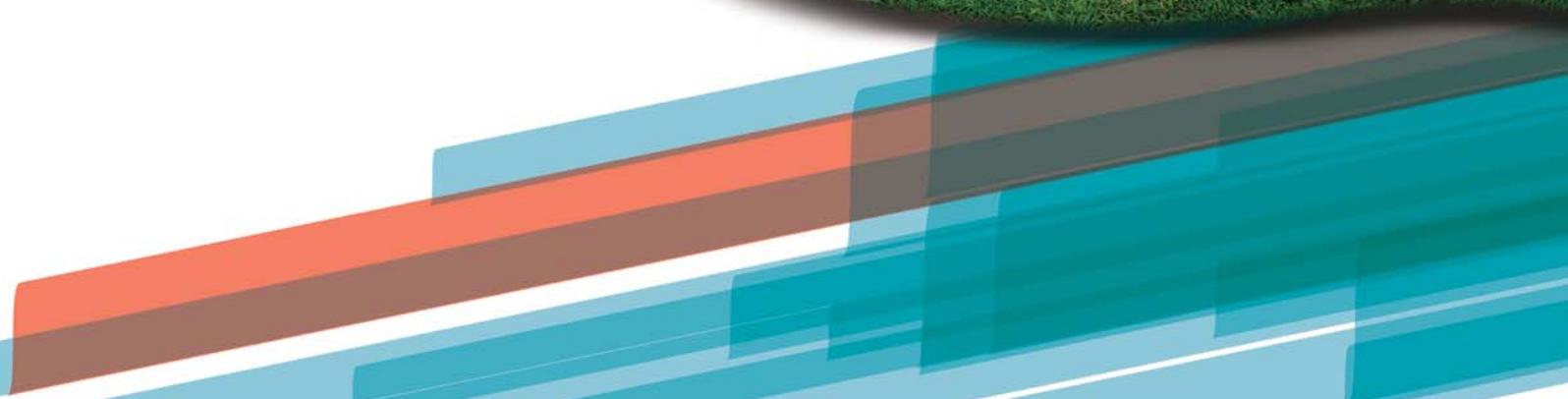


# Initial Completion of SinoMedia's “Three Screens” Strategic Layout through the Acquisition of Boosj.com( 播視網 )

SinoMedia has successfully acquired Hangzhou 3G Media Company Limited, the operator of the video website boosj.com. With its self-developed agricultural information portal wugu.com.cn as well as its equity interest in the travel website lotour.com (樂途旅遊網), digital pay TV channel “Super Channel”, and the mobile TV platform “100TV”, Sinomedia has achieved its “Three Screens” strategic layout of “TV+Internet+mobile”. Against the backdrop of rapid development in Internet and Mobile Internet industry, leveraging on its own distinctive edge and developing its channels and infrastructure, SinoMedia has laid a solid foundation for its objective of being “a media corporation with video media management as its core business”.

# Bringing about New Opportunities for the Group's Development through the Acquisition of the Golden Bridge Tianjie Building

SinoMedia has acquired certain floors of the Tianjie Building, which is situated at the heart of the Beijing CBD, for office use, and renamed the building to “Golden Bridge Tianjie Building”. The acquisition facilitated and strengthened the overall internal communication and coordination of the Group as well as significantly enhanced its overall image and brand influence.





# Corporate Governance Report



## CORPORATE GOVERNANCE PRACTICES

The Company is committed to attaining and upholding a high standard of corporate governance practices to protect the interests of shareholders and the Company as a whole. The Company has made continuous efforts to constantly review and improve its corporate governance system in light of changes in regulations and developments in best practices and to ensure that the Group is under the leadership of an effective board of directors (the “Board”) to maximise return for shareholders.

During the year ended 31 December 2012, the Company has complied with all the applicable provisions of the Corporate Governance Code (hereafter referred to as the “CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) with the following exceptions.

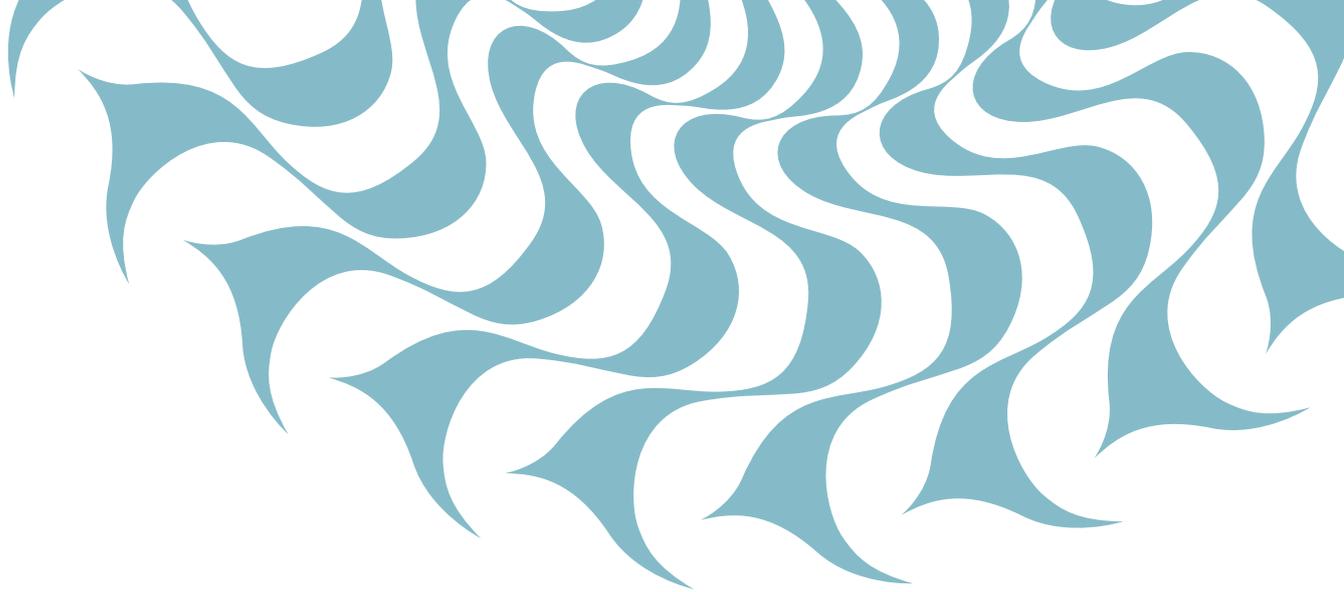
*Under Code Provision A.5.2, nomination committee should review the structure, size and composition (including the skills, knowledge and experience) of the board at least annually and make recommendations on any proposed changes to the board to complement the issuer's corporate strategy.*

During the year under review, no meeting of the Nomination Committee was held. This is due to shortly prior to the establishment of the Nomination Committee on 15 March 2012, the Board had reviewed and determined the policy for the nomination of directors of the Company (the “Directors” and each a “Director”), adopted the relevant nomination procedures and criteria, and Ms. Wang Xin was accordingly nominated for election as a new Director. Thus, even though the members of the Nomination Committee did not meet during the year under review, the structure, size and composition of the Board was reviewed and recommendation on changes to the Board was made during the year under review.

*Under Code Provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of the shareholders.*

Due to other pre-arranged business commitments which must be attended to by each of them, Mr. Zhu Jia, being a non-executive director of the Company, and Mr. Ding Junjie, Mr. Qi Daqing, and Mr. Lian Yuming, being independent non-executive directors of the Company, were not present at the annual general meeting of the Company held on 23 May 2012.

During the year under review, certain amendments to the Articles of Association of the Company have been made in light of the amendments made to the Listing Rules and the CG Code and certain other amendments in relation to cosmetic changes have also been made to the Articles of Association



of the Company. All of these amendments are disclosed on page 15 to 18 of the circular of the Company published on 18 April 2012. The Board confirmed that save for the above amendments to the Articles of Association of the Company, there were no significant changes made to the Company's constitutional documents affecting its operations and reporting practices.

### **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions.

Having been made specific enquiry, the directors of the Company (the "Directors") confirmed that they have complied with the required standard set out in the Model Code during the year ended 31 December 2012.

### **THE BOARD OF DIRECTORS**

The "Board steers the Group's business direction. It is responsible for formulating the Group's long-term strategies, setting business objectives, monitoring the management's performance, and ensuring strict compliance with relevant statutory requirements and effective implementation of risk management measures on a regular basis. The biographical details of the Directors and the relationship between members of the Board are set out in the "Directors and Senior Management" section on pages 34 to 41 of this annual report.

The non-executive Directors, more than half of them are independent, play an important role in the Board. They possess extensive academic, professional and industry expertise and management experience and have provided their professional advice to the Board. Accounting for the majority of Board members, they are providing adequate checks and balances for safeguarding the interests of the shareholders and the Group as a whole.

The Company has arranged directors' and officers' liability insurance for all Directors and senior officers against legal liability arising from their performance of duties.



## 1. Composition of the Board

During the year ended 31 December 2012, the Board comprised the following directors:

<b>Executive Directors:</b>	<b>Non-executive Directors:</b>	<b>Independent non-executive Directors:</b>
Mr. Chen Xin ( <i>Chairman</i> )	Mr. Zhu Jia	Mr. Ding Junjie
Ms. Liu Jinlan ( <i>Chief Executive Officer</i> )	Mr. He Hui David	Mr. Qi Daqing
Mr. Li Zongzhou		Mr. Lian Yuming
		Ms. Wang Xin (appointed on 23 May 2012)

Save and except that Mr. Chen Xin is the spouse of Ms. Liu Jinlan and that Mr. Li Zongzhou is the husband of Ms. Liu Jinlan's niece, there are no relationships (including financial, business, family or other material or relevant relationships) among members of the Board.

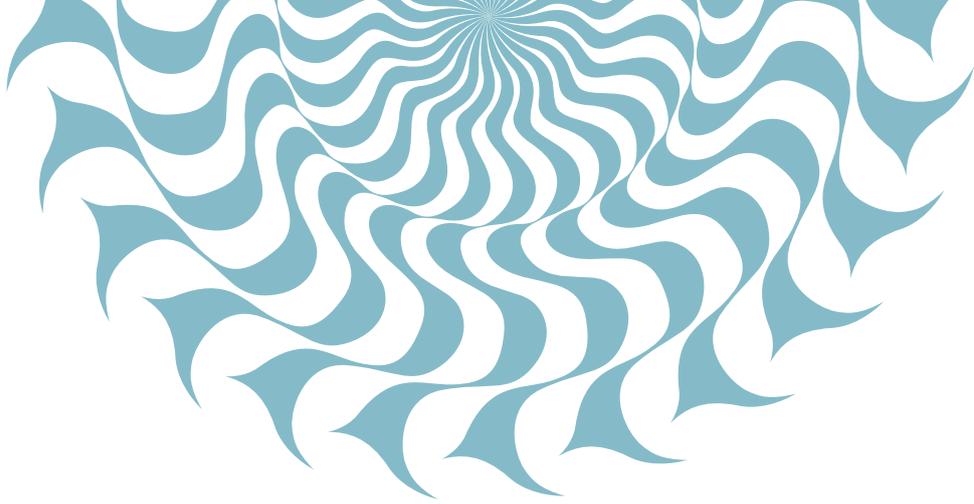
## 2. Chairman and Chief Executive Officer

The positions of the Chairman of the Board and the Chief Executive Officer are held by separate individuals to ensure that a segregation of duties and a balance of power and authority are achieved. The Chairman is responsible for overseeing all Board functions in accordance with good corporate governance practice, developing strategies and instilling corporate culture. The Chief Executive Officer is responsible for formulating detailed plans for implementation of the objectives set by the Board and mainly focuses on day-to-day management and operation of the Group's business. Currently, the Chairman of the Board is Mr. Chen Xin and the Chief Executive Officer of the Company is Ms. Liu Jinlan.

## 3. Non-executive Directors

The non-executive Directors of the Company are appointed for a term of three years and are subject to rotation at the Company's annual general meetings upon retirement at least every three years in accordance with the Articles of Association of the Company.

The Company has received annual written confirmation from each independent non-executive Directors of his or her independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines set out in the Listing Rules. The Company also has at all times met the requirements of the Listing Rules relating to the appointment of required number of independent non-executive Directors.



#### 4. Board Meetings

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group. Directors may participate in person or through electronic means of communication. Four Board meetings and an annual general meeting were held during the year. Attendances of the Board meetings and the annual general meeting by each Director are set out as follows:

DIRECTORS	NUMBER OF MEETINGS ATTENDED AND HELD	
	Board Meetings	Annual General Meeting
<i>Executive Directors:</i>		
Chen Xin	4/4	1/1
Liu Jinlan	4/4	1/1
Li Zongzhou	4/4	1/1
<i>Non-executive Directors:</i>		
Zhu Jia	3/4	0/1
He Hui David	3/4	1/1
<i>Independent non-executive Directors:</i>		
Ding Junjie	3/4	0/1
Qi Daqing	3/4	0/1
	(attended once by alternative director)	
Lian Yuming	1/4	0/1
Wang Xin (appointed on 23 May 2012)	2/3	N/A

All Directors are provided with relevant materials in relation to the matters brought before the meetings. Reasonable notices of meetings are given to the Directors and the Directors are encouraged to propose new items as any other business for discussion at the meetings. The Board and each Director have separate access to the Company's senior management for information at all times and may seek independent professional advice at the Company's expenses, if necessary. All minutes are kept by the company secretary and are open for inspections by all Directors at any reasonable time. Procedures for convening meetings of the Board and Board committees and preparing minutes of the meetings have complied with the requirements of the Articles of Association of the Company and applicable rules and regulations.



## **5. Nomination of Directors**

The Nomination Committee is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination or election or re-election of Directors, monitoring the appointment and succession planning of Directors and assessing the independence of independent non-executive Directors.

Each of the Directors has entered into a service contract with the Company for a specific term and is subject to rotation upon retirement at an annual general meeting at least every three years. In accordance with the Articles of Association of the Company, three Directors shall retire at the next following annual general meeting of the Company and shall be eligible for re-election.

Having been made specific enquiry, the Directors confirmed that the terms of their respective service contracts have been complied with and they had no interest in any company or business which competed either directly or indirectly with the Group's business.

## **6. Remuneration of Directors**

The executive Directors and the non-executive Directors did not receive any allowance for service provided as directors throughout the year ended 31 December 2012. Executive Directors who are also the Company's staff are entitled to receive salaries according to their respective positions taken on a full-time basis in the Company.

Each independent non-executive Director had a remuneration of RMB122 thousand for service provided for the year under review.

Information relating to remuneration of each Director for the year under review is set out in note 7 to the financial statements on page 107 of this annual report.

## **7. Training of Directors**

Directors' training is an ongoing process. During the year under review, all Directors received regular updates and presentations on changes and developments of the Group's business and of the legislative and regulatory environments in which the Group operates. In addition, all Directors are also encouraged to attend relevant training courses, and are required to provide the Company with his or her training record on a yearly basis. From the training record of the Directors for the year under review, each Director has read materials relevant to the Group's business or to the Directors' duties and responsibilities.

## 8. Board Committees

The Board has established four Board committees with defined terms of reference, namely the Audit Committee, the Remuneration Committee, the Compliance Committee and the Nomination Committee. On 15 March 2012, the terms of reference of Audit Committee and Remuneration Committee have been revised pursuant to the new requirements of the CG Code. The Nomination Committee was established and its terms of reference have been adopted by the Board on 15 March 2012 pursuant to the new requirements of the CG Code. All of the terms of reference of the Board committees are on terms no less exacting than those set out in the CG Code.

### Audit Committee

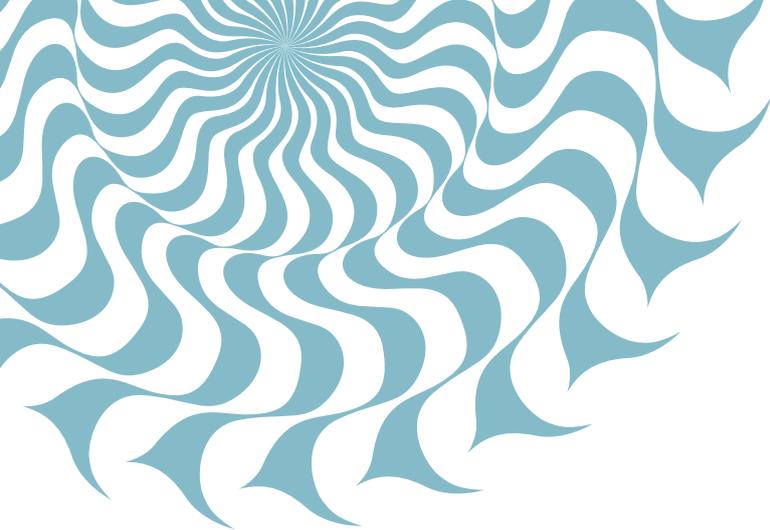
The Audit Committee is responsible for the review and supervision of the Group's financial reporting process and internal controls and the review of the Company's financial statements.

The Audit Committee met three times during the year under review. The composition of the committee and the attendances of the meetings by each Director are set out as follows:

	NUMBER OF MEETINGS ATTENDED AND HELD
Qi Daqing ( <i>Chairman</i> )	3/3
Ding Junjie	1/3
He Hui David	3/3

At the meetings, the committee:

- discussed with management the financial reporting process of the Group and reviewed the 2011 annual report and the 2012 interim report;
- reviewed the Group's accounting policies and practices, statutory and Listing Rules compliance, other financial reporting matters and internal controls; and
- reviewed the terms of appointment of external auditors, and ensured the continuing independence of external auditors and the effectiveness of their audit process adopted.



#### Remuneration Committee

The Remuneration Committee was established to make recommendations to the Board on the Company's policy and structure for remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration and to determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments inclusive of any compensation payable for loss or termination of their office or appointment, and to make recommendations to the Board on the remuneration of non-executive Directors.

During the year, one meeting was held to review the reasonableness as well as competitiveness of the 2012 remuneration packages of the Group's executive Directors and senior management members. The composition of the committee and the attendance of the meetings by each Director are set out as follows:

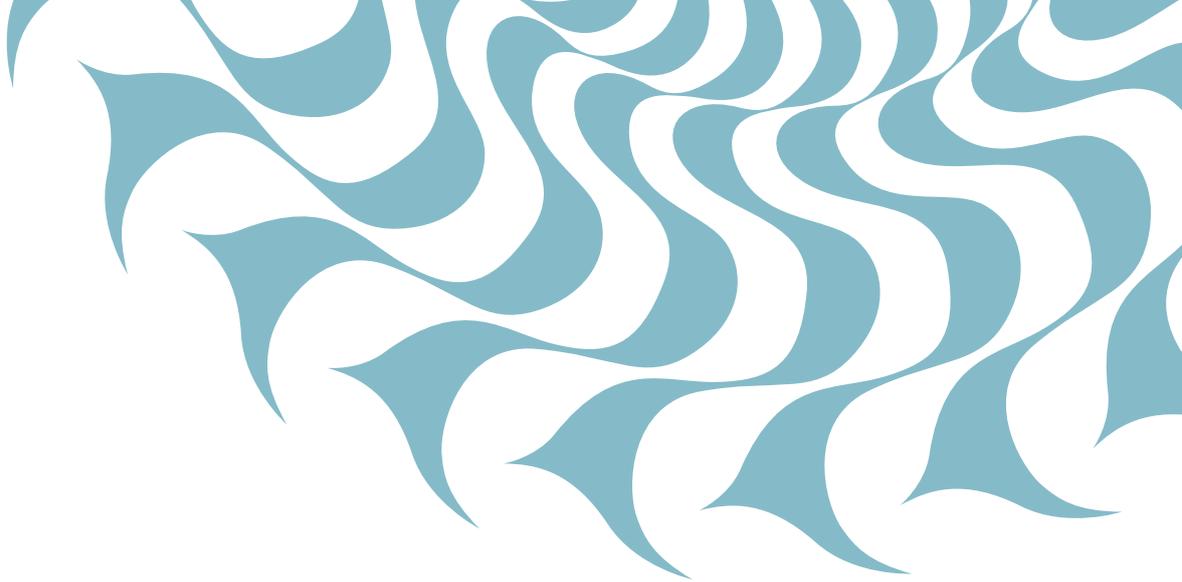
	NUMBER OF MEETING ATTENDED AND HELD
Chen Xin ( <i>Chairman</i> )	1/1
Ding Junjie	1/1
Lian Yuming	1/1

#### Compliance Committee

The Compliance Committee was established to oversee the Group's compliance with regulatory requirements and make recommendations to the Board on improvement of corporate governance of the Group.

Two meetings were held during the year. The composition of the committee and the attendances of the meetings by each Director are set out as follows:

	NUMBER OF MEETINGS ATTENDED AND HELD
Li Zongzhou ( <i>Chairman</i> )	2/2
Chan Oi Nin Derek	2/2



At the meetings, the committee:

- discussed strategies for tax planning and reviewed corporate information issued by the Group to ensure compliance in every respect with the Listing Rules; and
- checked transactions entered into by the Group to ensure compliance with the relevant laws and regulations applicable to the Group.

#### Nomination Committee

The Nomination Committee was established on 15 March 2012 pursuant to the new requirements of the CG Code. It has the responsibility to review the structure, size and composition of the Board and make recommendations to the Board on the corporate strategy. It comprises Mr. Chen Xin, the Chairman of the committee, Mr. Ding Junjie and Mr. Lian Yuming.

Shortly prior to the establishment of the Nomination Committee, the Board had reviewed and determined the policy and procedures for nomination of Directors. Ms. Wang Xin was accordingly nominated for election as a new Director, thus, no meeting of the Nomination Committee was held during the year under review.

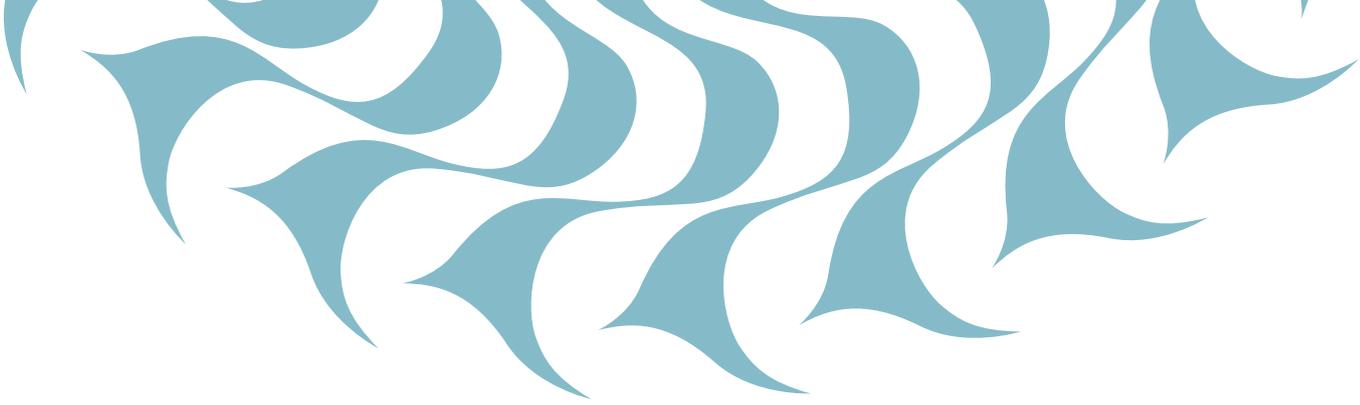
## FINANCIAL REPORTING

### 1. Financial Reporting

Management of the Company provides explanation and information to the Board to facilitate an informed assessment of financial statements and other information put before the Board for approval. The Board acknowledges its responsibility in the preparation of financial statements to give a true and fair view of the Company's state of affairs. In the preparation of financial statements, the International Financial Reporting Standards have been adopted and appropriate accounting policies have been consistently used and applied.

The Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Group's ability to continue as a going concern. Accordingly, the Board has been continuing to adopt the going concern basis in preparing the financial statements.

The reporting responsibilities of the Group's external auditors, KPMG, are set out in the Independent Auditor's Report on page 73 of this annual report.



## **2. External Auditors**

Management performs a review of remuneration to external auditors on an annual basis. The fees for audit services have been reviewed by the Audit Committee, and the fees for non-audit services, if any, are approved by management.

## **3. Auditors' Remuneration**

The total fee charged by the auditors generally depends on the scope and volume of the auditors' work. During the year, RMB3,100 thousand was charged by the Group's external auditors for annual audit services.

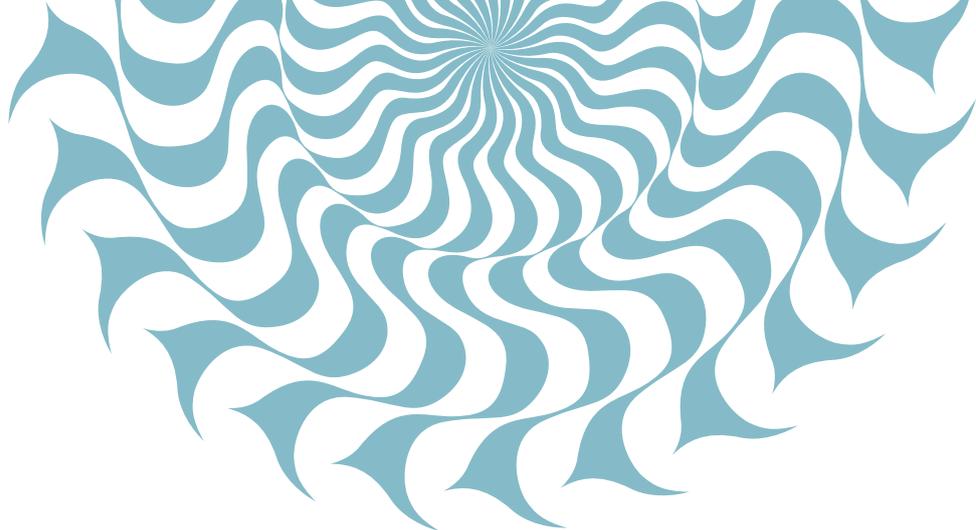
## **INTERNAL CONTROL**

The Board has overall responsibility for maintaining sound and effective internal control system in the Group. The system of internal control has been designed to safeguard assets from unauthorised use or disposition, and to ensure maintenance of proper accounting records and compliance with relevant laws and regulations, thereby providing reasonable assurance regarding effective operation of the Group's business.

The Group has established a clear organisational structure, including the delegation of appropriate responsibilities from the Board to the board committees, members of senior management and the heads of operating divisions.

An internal audit department was established to review major operational and financial systems of the Group on a continuing basis and it aims to cover all significant functions within the Group on a rotational basis. The scope of the internal audit department's review and the audit programmes have been approved by the Audit Committee. The department reports directly to the Audit Committee and the Chairman of the Company, and submits regular reports for their review in accordance with the approved programmes. The department submits a detailed report at least once a year to the Board for their review of and monitors the effectiveness of the system of internal control of the Group.

External auditors will also report on weaknesses in the Group's internal control and accounting procedures which have come to their attention during the course of audit.



## COMPANY SECRETARY

The company secretary, Mr. Chan Oi Nin Derek, is responsible for facilitating the Board process, as well as communications among the Board members, the shareholders and the management. Mr. Chan's biography is set out in the "Directors and Senior Management" section on page 38. During the year under review, Mr. Chan undertook not less than 15 hours of professional training to update his skills and knowledge.

## COMMUNICATION WITH SHAREHOLDERS

The Company has set up and maintained various channels of communication with its shareholders and the public to ensure that they are kept abreast of the Company's latest news and development. Information about the Company's financial results, corporate details and major events are disseminated through publication of announcements, circulars, interim and annual reports and press release. All published information is promptly uploaded to the Company's website at [www.sinomedia.com.hk](http://www.sinomedia.com.hk).

Under the Company's Articles of Association, the Board, on the requisition of shareholders of the Company holding not less than 10% of the paid-up capital of the Company, can convene an extraordinary general meeting to address specific issues of the Company. At the annual general meeting, shareholders can raise any questions relating to performance and future direction of the Group with the Directors. The Company maintains contact with its shareholders through annual general meeting or other general meetings, and encourages shareholders to attend those meetings.

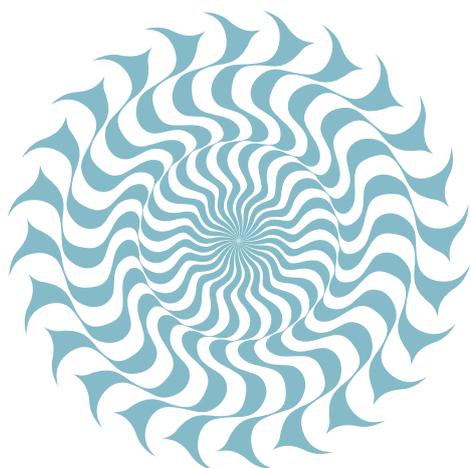
Press conferences and analysts' briefings are held at least twice a year subsequent to the interim and final results announcements in which the Directors and management are available to answer questions about the Group. Shareholders can also submit enquiries to the management and send proposals to be put forward at shareholders' meeting to the Board or senior management by sending emails to [ir@sinomedia.com.hk](mailto:ir@sinomedia.com.hk) or making phone calls to our investor hotline at 86-10-59180628. In addition, the Company's dedicated investor relations team takes a proactive approach to communicate with existing and potential investors in a timely manner by making regular face-to-face meetings and conference calls with investors.

# Corporate Social Responsibility Report

## — Sustainable Development

As an important behavioural subject in the operation of a society, the words and deeds of an enterprise should be conducive to the development of both of the industry and the society as a whole. This is a requirement in the development of a modern society as well as a prerequisite for corporate growth and brand building. As the leading media corporation in the PRC, SinoMedia has always attached tremendous importance to the corporate social responsibility of the Group and devoted great effort to carry out the relevant practices.

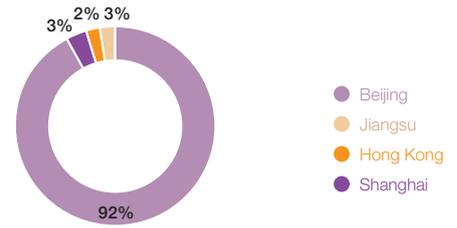
The Group adopts a proactive approach in discharging its corporate social responsibility by developing and optimising relevant systems as well as taking care of and safeguarding the various interests of its shareholders, clients, staff and partners. This includes strict compliance with the rules governing listed companies through the development of relevant systems and disclosure of corporate operations related to the interests of its shareholders in a timely manner; the establishment of a fair, reasonable and transparent remuneration and welfare system, and the provision of trainings, education programmes and working environment which facilitates nurturing of talents; safeguarding the due interest of its clients and ensuring the accessibility, fairness and transparency of its service system; promotion of concerted build-up and development of the industry by organising and participating in industrial exchanges, etc. Leveraging on the unique features of the cultural media industry, the Group is devoted to ensuring that the various advertisements and content products it produces and broadcasts are in line with the mainstream values and have a positive impact on the society. Meanwhile, the Group also devotes itself to environmental protection, caring for the unprivileged, and facilitating family harmony through internal promotion, cooperation, and participation, so as to spread and promote ideas and concepts that are constructive to the establishment of public morals.



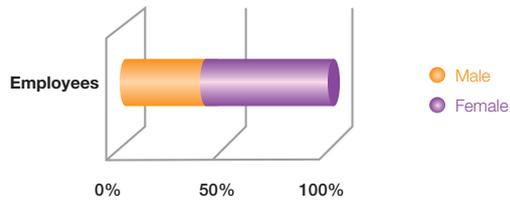
## DEMOGRAPHICS AND DISTRIBUTION OF EMPLOYEES

Demographics of the Group's employees are shown in the following charts.

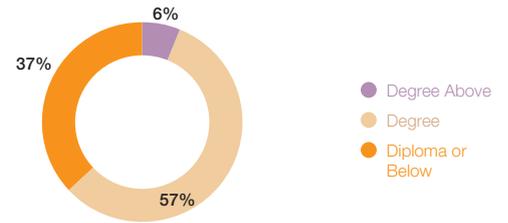
### Geographical Distribution



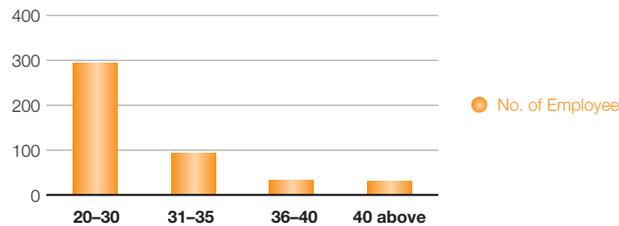
### Gender



### Education Level



### Age Distribution





## EMPLOYEE DEVELOPMENT AND TRAINING

The Group places heavy emphasis on its employees' development in order to help them keep abreast of the Group's advancement. The Group organises different internal and external training programmes every year with the objective of strengthening the techniques, mentality, communication and management skills of its employees.

In order to strengthen the new employees' understanding of corporate culture, industry knowledge, work skills and system application, SinoMedia delivers basic training of over 6 hours for its new employees. The Group organised a number of programmes for its new employees in 2012, including: "Joining SinoMedia", "Current Overview of the Advertising Industry", "Business Etiquettes", "Internet Information Security", "Administration and Management Systems", "Welfare and Social Security", "Occupational Moral and Information Security", "Dream of SinoMedia" and "Success in SinoMedia".

For current employees, each department of the Group regularly holds internal trainings of various scales to provide employees with opportunities to enhance their values. In addition, the Group also provides external trainings to employees who have technical needs in their works. During 2012, the Group provided its employees with over 132 hours of external training in relation to topics such as "Internal Control and Risk", "Annual Budget Preparation Skills", "Business Etiquettes for Employees", "Attract, Employ and Retain Key Talents", "Application of Excel in Human Resources", "Employee Motivation Skills", "Analysis and Utilisation of Data from Market Surveys", "Strategies in Servicing Major Clients", "Telemarketing Training" and "Collection and Analysis of Sales Data".



## ENVIRONMENTAL PROTECTION

SinoMedia spares no effort in protecting the environment and takes the initiative to create a healthy, natural and green environment. Starting with its group companies, the Group consistently improves its energy efficiency by adopting strategic energy-saving measures including water, electricity and fuel conservation measures, enhancement of vehicle efficiency, recycling, and information exchange on environmental protection.

### Energy Conservation System

Regarding energy conservation, the Group has actively implemented an accountability system. The “Announcement on Monthly Administration Check” highlighted and reminded employees of the need for switching off lights and power sources after work and adopting sensor faucets in washrooms. Announcements and reminders are also made in the Company’s work chat groups. The Company also employs dedicated support staff to patrol the company regularly every night in order to make sure that all power sources are switched off after work.

### Paper Usage

The accelerated development of the Group in 2012 caused a sharp increase in the usage of paper. In order to enhance efficiency in utilisation of materials, the Group has established and implemented a network office system — the OA office automation system. Through advocating paperless office and operation, in 2012, approximately 300,000 pieces of paper were saved in the process of advertisement production, attendance management, and meeting management. Calculated on the basis of 4.9898g per A4 paper, a total of 1.5 tonnes of paper was saved.

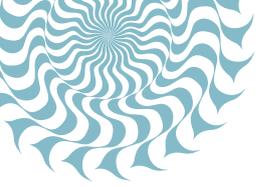
### Emission Reduction in Operation and Business

“Switch off the lights when leaving” was advocated in the “Announcement on Monthly Administration Check” in order to control the daily usage of electricity with the help from internal office staff. During the year under review, the supply of bottled water during meetings has been cancelled, thus reducing plastic pollution. The Group also actively encouraged its employees to reduce unnecessary business trips. Face-to-face meetings have been replaced by telephone conferences. Following a rank system, employees are encouraged to travel by train instead of flight according to their organisational grades, thus lowering the carbon emission arising from transportation during business trips.

### Green Transport

In order to promote energy conservation, reduction in carbon emission and the adoption of low-carbon lifestyle, the Group distributed public transportation cards to all employees in an employee birthday party in July 2012. The objective was to encourage the use of public transportation instead of private vehicles for travel and commute so that we can do our part to improve the city’s air quality and road environment.





## EMPLOYEE ACTIVITIES AND WELFARE

### Joyful Working and Healthy Living

Adhering to the cultural principle of “caring, responsibility and accommodation”, SinoMedia is dedicated to building a warm, harmonious, cooperative and family-like working environment. A wide range of cultural activities is held every season in the SinoMedia family.

For sports, the SinoMedia Sports Day is an annual sports event organised by the Group to promote health and physical training among staff. During 2012, the Group established a Taichi club and hired external professional instructors to facilitate the employees’ physical and spiritual growth. The employees also formed basketball teams on their own and regularly organise trainings and competitions in their spare time. In order to avoid the series of occupation-related fatigue and diseases arising from prolonged computer usage in office, work time exercises are arranged at 3:00pm every work day to allow the employees to stretch their muscles.



### Body Check

The Group has been providing its employees with quality general check-ups conducted by professional physical examination organisations for ten consecutive years since 2002. SinoMedia regards the health and happiness of its employees as the best return to their families.

### Culture

Aside from sports and recreational activities, which are directly related to the health of the employees, the Group also arranges various cultural activities to enrich their spiritual life. With the objective of guiding the employees to achieve joyful working and healthy living, the Group spends no less than RMB300,000 each year to organise events such as “SinoMedia Parent-Children Day”, “Joint Weddings in SinoMedia”, “Joyful Charity Sales”, “Employee Birthday Party” and “Charity Walk”.





## PARTICIPATION IN COMMUNITY EVENTS

### Caring for the Elderly

As of January 2013, the Group has provided a total of around 150 parents of its employees aged 65 or above with year-end pension payments amounting to approximately RMB150,000 for two consecutive years. It has always been the Group's notion and belief to ensure employees are living and working contentedly, and that the elderly are being cared for. Therefore, the Group makes its best effort to care for the elderly and the old people who live alone in the community.



### Caring Campaigns

The Group has established a Caring Committee and formulated detailed terms of reference and management regulations to contribute to the well-being of the society.

In the second half of 2012, the Group regularly visited the poverty-stricken teachers and students at the Yanjing School for Migrant Workers' Children. The Group raised approximately RMB50,000 in educational subsidy and various school supplies from the employee charity auctions. While subsidising the primary schools in need, the campaign allowed employees to feel the joy of performing acts of charity and fulfilling social responsibility.



Leveraging on its own edges in the industry, the Group has invested in the production of a public service advertisement in relation to the children left behind by migrant workers in 2012. The advertisement has attracted widespread attention in the community and achieved the goal of "Uniting our Strength to Promote Civilisation".

## INTELLECTUAL PROPERTY RIGHTS AND REPORT AGAINST CORRUPTION

As a competitive media operator, the Group is highly concerned about the protection and implementation of intellectual property rights. During the year, the Group has provided all staff with comprehensive Internet copyright training on its self-developed website wugu.com.cn to let them understand the importance of intellectual property rights. Furthermore, the Group has included copyright clauses in business contracts involving copyright and expressly agreed with the other party(ies) to the contract regarding matters related to copyright.

The Group's Employee Handbook and the Articles of Association of the Company clearly forbid corruption in any ways by employees of the Company, and anti-corruption clauses are included in all contracts drafted and entered into by the Group. Should any employee notice any violation, he/she can file a report to the Internal Audit Department, which regularly conducts anti-corruption reviews on each department. The Group did not record any legal cases or employee reports regarding corruption during 2012. For new employees, the Group also provides them with briefing on anti-corruption during the induction training of new recruits.

Corporate social responsibility is a crucial and long-term issue. As an industry pioneer, SinoMedia will continue to spare no effort in contributing to the sustainable development of the society.

## Record Level of Excellence in Personnel Structure and Professionalism

The Group has placed great emphasis on the nurture of talents and investments in human resources. SinoMedia has attracted numerous professionals and management talents from outstanding industry players, which directly contributes to enhancing its corporate competitiveness, and boosted the quantity and quality of talents in SinoMedia to an unprecedented high level in 2012.





## **Further Improvement in Cultural Development with Good Rapport and Positive Energy from the Team**

SinoMedia advocates the core “family culture” concepts of “care”, “tolerance” and “responsibility” by consistently enhancing and developing corporate cultural activities which encourage positive energy, shared responsibility and self-improvement. With inspiration from activities such as “Parents Day”, “SinoMedia Sports Day”, “SinoMedia Wedding Event”, “1/6 Children Day” and the “Assistance for Migrant Children Schools” event, more and more employees get to know, understand and appreciate the Company, thus building team spirit and maximising team cohesion.

# Directors' Report

The directors (the "Directors") of SinoMedia Holding Limited (the "Company") have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 December 2012.

## PRINCIPAL PLACE OF BUSINESS

The Company is incorporated and domiciled in Hong Kong and has its registered office at Unit 402, 4th Floor, Fairmont House, No. 8 Cotton Tree Drive, Admiralty, Hong Kong, and principal place of business at Unit 15D, Xintian International Plaza, No. 450 Fushan Road, Pudong New District, Shanghai, PRC.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding, subsidiaries of which are providing nationwide TV advertising coverage and campaign planning, and TV advertisement production services for advertisers and advertising agents.

The analysis of the principal activities and geographical locations of the operations of the Company and its subsidiaries (the "Group") during the financial year ended 31 December 2012 are set out in note 14 to the financial statements.

## MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the year ended 31 December 2012 is as follows:

	Percentage of the Group's total purchases
The largest supplier	95%
Five largest suppliers in aggregate	97%

The Group's five largest customers accounted for less than 15% of the Group's revenue.





At no time during the year had the directors, their associates and any shareholder of the Company (who or which to the knowledge of the directors owned more than 5% of the Company's issued share capital) had any interest in these major suppliers and customers.

### **FINANCIAL STATEMENTS**

The profit of the Group for the year ended 31 December 2012 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 75 to 79.

### **TRANSFER TO RESERVES**

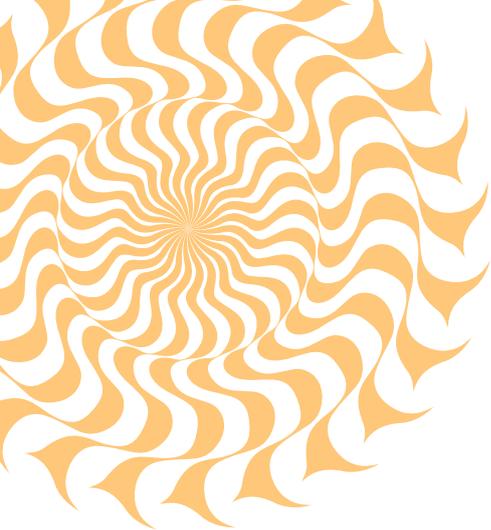
Profits attributable to equity shareholders of the Company, before dividends, of RMB302,591 thousand (2011: RMB 238,945 thousand) have been transferred to reserves. Other movements in reserves are set out in the Consolidated Statements of Changes in Equity on page 80.

The final and special dividends for the year ended 31 December 2011 of RMB96,546 thousand in aggregate were paid in June 2012 (2010: RMB62,224 thousand paid in June 2011). The directors now recommend the payment of a final dividend of HKD13.5 cents per share (2011: HKD10.6 cents per share) and a special dividend of HKD13.5 cents per share (2011: HKD10.6 cents per share) for the year ended 31 December 2012.

### **PROPERTY, PLANT AND EQUIPMENT**

Movements in property, plant and equipment of the Group are set out in note 12 to the financial statements.





## SHARE CAPITAL

Details of the movements in share capital of the Company during the year under review are set out in note 22 to the financial statements.

The Company acquired its own listed securities of 3,028,000 shares in 2012. Other than this, there were no sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the year.

## DIRECTORS

The Directors during the financial year under review were:

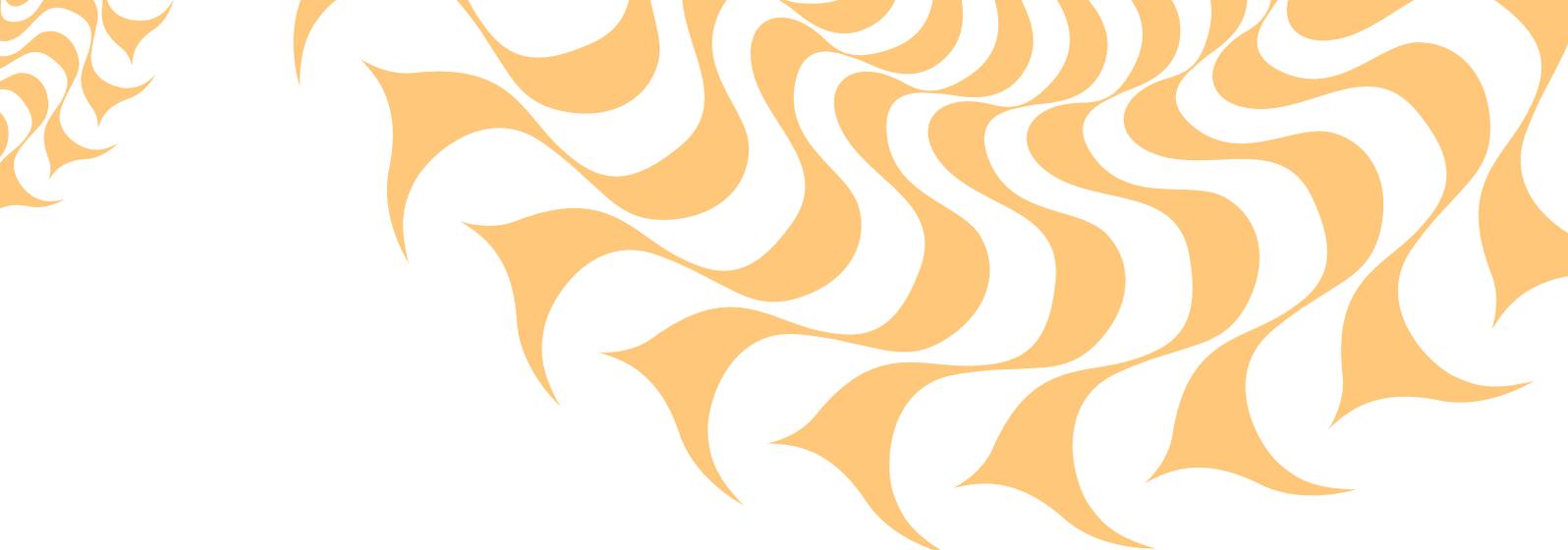
<b>Executive Directors</b>	<b>Non-executive Directors</b>	<b>Independent non-executive Directors</b>
Chen Xin	Zhu Jia	Ding Junjie
Liu Jinlan	He Hui David	Qi Daqing
Li Zongzhou		Lian Yuming
		Wang Xin (appointed on 23 May 2012)

In accordance with Article 105 of the Company's Articles of Association, Chen Xin, Liu Jinlan, and Lian Yuming shall retire from office by rotation at the conclusion of the forthcoming annual general meeting ("AGM") of the Company. All of them, being eligible, will offer themselves for re-election at the AGM.

No Director proposed for re-election at the AGM has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

## EMOLUMENT POLICY AND LONG-TERM INCENTIVE SCHEMES

To attract and retain talent and caliber, the Group provides competitive remuneration packages to its executive Directors and senior management. These comprise base monthly salary, variable pay and long-term incentive plan which includes share option scheme. The amount of variable pay is set at a percentage of the fixed pay, and is paid yearly relative to performance delivered through plans and objectives with pre-determined criteria and standards.



The remuneration payable to the Directors are determined with reference to their duties and responsibilities with the Company and the market rate for the positions.

The remuneration package of executives is designed so that a proportion is structured to link rewards to corporate and individual performance, and to give incentives to executives to perform at the highest levels. Through job evaluation and job matching, the Group ensures the pay is internally equitable. Besides, the Group ensures external competitiveness of the pay through reference to market survey and data.

The non-executive Directors' remuneration relates to the time commitment and responsibilities. They receive fees which comprise the following components:

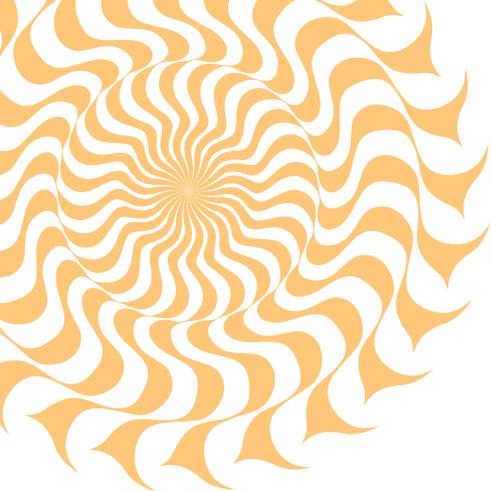
- Directors' fee, which is usually paid annually; and
- share options which are awarded subject to the discretion of the Board.

## **REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT**

Particulars of the remuneration of the Directors and the senior management during the year under review are set out in note 7 of the financial statements.

## **DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES**

As at 31 December 2012, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debenture of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required to be (a) notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have taken under such provisions of the SFO); or (b) recorded in the register required to be kept by the Company under Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for



Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) were as follows:

**(i) Interests in the Company – Long Positions**

Name of director	Nature of interest	Number of ordinary shares held	Number of underlying shares held under equity derivatives (Note 1)	Total	Approximate percentage of issued share capital of the Company
Liu Jinlan	Founder of discretionary trust, beneficiary of trust, and beneficiary interest	257,428,169 (Note 2)	4,400,000	261,828,169	47.12%
Chen Xin	Founder of discretionary trust and beneficiary of trust	257,428,165 (Note 3)	—	257,428,165	46.33%
Li Zongzhou	Beneficial interest	—	2,500,000	2,500,000	0.45%
He Hui David	Beneficial interest	—	600,000	600,000	0.11%
Qi Daqing	Beneficial interest	—	260,000	260,000	0.05%
Ding Junjie	Beneficial interest	—	200,000	200,000	0.04%
Lian Yuming	Beneficial interest	—	200,000	200,000	0.04%
Wang Xin	Beneficial interest	—	200,000	200,000	0.04%

Notes:

1. Details of the underlying shares are set out in the section headed “Share Option Schemes” in this report.
2. Liu Jinlan is deemed to be interested in 257,428,169 shares of the Company. These shares are held by three discretionary trusts, namely UME Trust, DFS (No. 2) Trust and CLH Trust, all founded by Liu Jinlan. In respect of 209,941,513 shares therein held by CLH Trust, Liu Jinlan is also a beneficiary of the trust.
3. Chen Xin is deemed to be interested in 257,428,165 shares of the Company. These shares are held by three discretionary trusts, namely MHS Trust, DFS (No. 1) Trust and CLH Trust, all founded by Chen Xin. In respect of 209,941,513 shares therein held by CLH Trust, Chen Xin is also a beneficiary of the trust.



## (ii) Interests in associated corporations of the Company – Long Positions

Name of director	Name of associated corporation	Nature of interest	Approximate percentage of issued share capital of the associated corporation
Liu Jinlan	CLH Holding Limited	Founder of discretionary trust	100%
	Golden Bridge International Culture Limited	Corporate interest	100%
	Golden Bridge Int'l Advertising Holdings Limited	Corporate interest	100%
	CTV Golden Bridge International Media Group Co., Ltd.	Corporate interest	0.3%
Chen Xin	CLH Holding Limited	Founder of discretionary trust	100%
	Golden Bridge International Culture Limited	Corporate interest	100%
	Golden Bridge Int'l Advertising Holdings Limited	Corporate interest	100%

Apart from the foregoing, as at 31 December 2012, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debenture of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be (a) notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) recorded in the register required to be kept by the Company under Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### SHARE OPTION SCHEMES

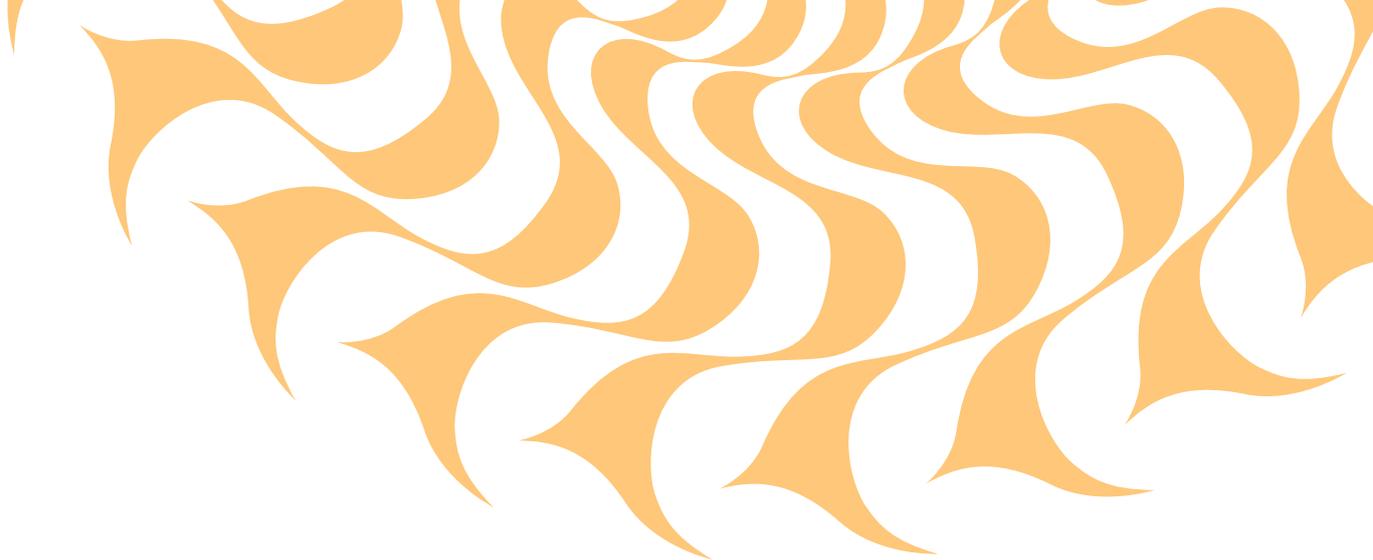
The Company has adopted share option schemes on 29 June 2007 (the "Pre-IPO Scheme") and 27 May 2008 (the "Post-IPO Scheme"), respectively, whereby the Directors are authorised, at their discretion, to invite any full time employee, Director or any person approved by the board or shareholders of the Company to take up options (the "Pre-IPO Options" and the "Post-IPO Options", respectively) to subscribe for shares of the Company. No further options will be granted under the Pre-IPO Scheme. The Post-IPO Scheme shall be valid and effective for a period of ten years ending on 7 July 2018.



The total number of securities available for issue under both the Pre-IPO Scheme and the Post-IPO Scheme as at 31 December 2012 was 36,896,500 shares which represented approximately 7% of the issued share capital of the Company at 31 December 2012.

Movements of the share options under the share option schemes for the year ended at 31 December 2012 are as follows:

Directors	No. of options outstanding at the beginning of the year	No. of options granted during the year	No. of options exercised during the year	No. of options forfeited during the year	No. of options outstanding at the end of the year	Date of grant	Exercise price	Exercise period
Liu Jinlan	3,200,000	–	–	–	3,200,000	10 July 2007	RMB1.56	Note 2
	1,200,000	–	–	–	1,200,000	2 July 2010	HKD1.84	Note 4
Li Zongzhou	1,600,000	–	–	–	1,600,000	10 July 2007	RMB1.56	Note 1
	900,000	–	–	–	900,000	2 July 2010	HKD1.84	Note 4
He Hui David	600,000	–	–	–	600,000	2 July 2010	HKD1.84	Note 4
Qi Daqing	260,000	–	–	–	260,000	17 September 2009	HKD1.49	Note 3
Ding Junjie	200,000	–	–	–	200,000	17 September 2009	HKD1.49	Note 3
Lian Yuming	200,000	–	–	–	200,000	29 August 2011	HKD2.62	Note 4
Wang Xin	–	200,000	–	–	200,000	11 September 2012	HKD3.22	Note 4
<b>Employees</b>								
in aggregate	9,560,000	–	(764,000)	–	8,796,000	4 July 2007 to 7 March 2008	RMB1.56	Note 1
	200,000	–	–	–	200,000	17 September 2009	HKD1.49	Note 3
	15,120,000	–	(897,500)	(555,000)	13,667,500	2 July 2010	HKD1.84	Note 4
	500,000	–	–	–	500,000	22 November 2010	HKD2.82	Note 4
	900,000	–	(27,000)	–	873,000	6 December 2010	HKD2.88	Note 4
	2,340,000	–	–	(300,000)	2,040,000	29 August 2011	HKD2.62	Note 4
	–	1,400,000	–	(600,000)	800,000	9 January 2012	HKD2.36	Note 4
	–	1,660,000	–	–	1,660,000	11 September 2012	HKD3.22	Note 4



Notes:

- 1 A Pre-IPO Options holder may exercise a maximum of 25% of the total number of the Pre-IPO Options granted after the elapse of 365 days from the acceptance of the Pre-IPO Options. Subsequently, for every full year of continuous service with the Company, the holder may exercise a maximum of another 25% of the total number of the Pre-IPO Options granted, up to eight years from the date of grant.

Pre-IPO Options granted to Li Zongzhou are exercisable from 8 January 2009 to 9 July 2015, subject to the vesting requirement mentioned in (1) above. The exercise period of the Pre-IPO Options granted to employees of the Group commenced on 8 January 2009 and will expire on a date ranging from 3 July 2015 to 6 March 2016 (depending on their respective dates of grant of the options), also subject to the vesting requirements mentioned above.

- 2 An exception to the vesting requirements mentioned in (1) above is that Liu Jinlan may exercise a maximum of 50% of the total number of the Pre-IPO Options granted after the elapse of 365 days from the acceptance of the options. Subsequently, for every full year of continuous service with the Company, Liu Jinlan may exercise a maximum of another 25% of the total number of the options granted, up to eight years from the date of grant.

Pre-IPO Options granted to Liu Jinlan are exercisable from 8 January 2009 to 9 July 2015, subject to the vesting requirement mentioned above.

- 3 A Post-IPO Options holder may exercise a maximum of 25% of the total number of the Post-IPO Options granted from his acceptance of the Post-IPO Options. Subsequently, for every full year of continuous service with the Company, the holder may exercise a maximum of another 25% of the total number of the Post-IPO Options granted, up to eight years from the date of grant.

- 4 A Post-IPO Options holder may exercise a maximum of 25% of the total number of the Post-IPO Options granted after the elapse of one full year from the date of grant of the Post-IPO Options. Subsequently, for every full year of continuous service with the Company, the holder may exercise a maximum of another 25% of the total number of the Post-IPO Options granted, up to eight years from the date of grant.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES – LONG POSITIONS

As at 31 December 2012, so far as known to the Directors and chief executive of the Company, the following corporations (other than a Director or chief executive of the Company) had, or were deemed or taken to have interests or short position in the shares or underlying shares of the Company, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO:

Substantial shareholder	Nature of interest	Interest in shares and derivatives held	% of total issued shares
Equity Trustee Limited	Trustee (Note 1)	304,914,821	54.87%
CLH Holding Limited	Corporate interest (Note 2)	209,941,513	37.78%
Bain Capital CTVGB Holding L.P.	Corporate interest (Note 3)	111,624,579	20.09%

Notes:

- Equity Trustee Limited is deemed to be interested in 304,914,821 shares of the Company as it is the trustee of CLH Trust (shares held by Golden Bridge International Culture Limited), MHS Trust (shares held by Merger Holding Service Company Limited), UME Trust (shares held by United Marine Enterprise Company Limited), DFS (No. 1) Trust (shares held by Digital Finance Service Company Limited) and DFS (No. 2) Trust (shares held by SinoMedia Investment Ltd.).
- These shares are directly held by Golden Bridge International Culture Limited which is a wholly owned subsidiary of Golden Bridge Int'l Advertising Holdings Limited which in turn is a wholly owned subsidiary of CLH Holding Limited. CLH Holding Limited is deemed to be interested in 209,941,513 shares of the Company held by Golden Bridge International Culture Limited.
- These shares are directly held by Bain Capital CTVGB Holding Ltd. which is a wholly owned subsidiary of Bain Capital CTVGB Holding L.P. Bain Capital CTVGB Holding L.P. is deemed to be interested in 111,624,579 shares of the Company held by Bain Capital CTVGB Holding Ltd..

Save as disclosed above, so far as known to the Directors and chief executive of the Company, as at 31 December 2012, there was no other persons or corporations (other than a director or chief executive of the Company) who had any interests or short position in the shares or underlying shares of the Company, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of the Division 2 and 3 of Part XV of the SFO.



## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

## CONNECTED TRANSACTIONS

During the year ended 31 December 2012, the Group entered into the following continuing connected transactions (other than continuing connected transactions that are exempted under Rule 14A.33 of the Listing Rules):

### LEASE AGREEMENTS OF XINZHOU COMMERCIAL BUILDING

On 28 September 2009, Beijing Golden Bridge Senmeng Media Advertising Company Limited (“Golden Bridge Senmeng”), a non-wholly owned subsidiary of the Company, and Liu Jinlan entered into a lease agreement to lease from the latter office premises at Xinzhou Commercial Building, 58 Fucheng Road, Haidian District, Beijing. The lease agreement is for a term of 3 years from 11 September 2009 to 10 September 2012 with an annual rental of RMB972,099. During the year ended 31 December 2012, a rental of RMB675,069 was paid under the lease agreement. The Company applied to the Stock Exchange for, and the Stock Exchange granted a waiver pursuant to Rule 14A.42(3) of the Listing Rules from strict compliance with the announcement requirement set out in Chapter 14A of the Listing Rules for the continuing connected transaction.

The independent non-executive Directors have reviewed the continuing connected transactions as set out above and confirmed that they have been entered into (a) on normal commercial terms; (b) in the ordinary course of the business of the Group; and (c) on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company’s auditors, KPMG, were engaged to report on the Group’s continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740 Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules issued by the Hong Kong Institute of Certified Public Accountants. KPMG have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.38 of the Listing Rules. A copy of the auditors’ letter has been provided by the Company to the Stock Exchange.



## DIRECTORS' INTERESTS IN CONTRACTS

Save for the above, no contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at 31 December 2012 or at any time during the year.

## FIVE YEAR SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 163 of the annual report.

## PROVIDENT AND RETIREMENT FUND SCHEMES

The Group's employees in the PRC participate in various defined contribution schemes stipulated by the relevant municipal and provincial governments under which the Group is required to make monthly contributions to these plans. The Group's subsidiaries in the PRC contribute funds to the retirement schemes, which are calculated on a stipulated percentage of the average employee salary as agreed by the relevant municipal and provincial government. The Group has no further obligations for the actual payment of post-retirement benefits beyond the contributions.

Details of the Group's contributions to the retirement benefit schemes are shown in note 5(b) to the financial statements.

## AUDITORS

KPMG retire and, being eligible, will offer themselves for re-appointment. A resolution for the re-appointment of KPMG as the Company's auditors will be proposed at the forthcoming AGM.

By order of the Board  
**Chen Xin**  
*Chairman*

# Independent Auditor's Report



## **Independent auditor's report to the shareholders of SinoMedia Holding Limited**

*(Incorporated in Hong Kong with limited liability)*

We have audited the consolidated financial statements of SinoMedia Holding Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 75 to 162, which comprise the consolidated and company statements of financial position as at 31 December 2012, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### **DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

# Independent Auditor's Report

## OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2012 and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

## KPMG

Certified Public Accountants  
8<sup>th</sup> Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

20 March 2013

# Consolidated Income Statement

For the year ended 31 December 2012  
(Expressed in Renminbi)

	<i>Note</i>	<b>2012</b> <i>RMB'000</i>	2011 <i>RMB'000</i>
Revenue	3	<b>1,642,113</b>	1,617,800
Cost of services		<b>(1,071,396)</b>	(1,116,620)
<b>Gross profit</b>		<b>570,717</b>	501,180
Other income	4	<b>25,630</b>	7,238
Selling and marketing expenses		<b>(68,216)</b>	(66,778)
General and administrative expenses		<b>(108,459)</b>	(89,348)
<b>Profit from operations</b>		<b>419,672</b>	352,292
Finance income	5(a)	<b>25,184</b>	17,068
Finance costs	5(a)	<b>(6,595)</b>	(728)
<b>Net finance income</b>		<b>18,589</b>	16,340
Share of loss of associates		<b>(1,169)</b>	(7,169)
<b>Profit before taxation</b>		<b>437,092</b>	361,463
Income tax	6	<b>(131,468)</b>	(119,132)
<b>Profit for the year</b>		<b>305,624</b>	242,331
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>302,591</b>	238,945
Non-controlling interests		<b>3,033</b>	3,386
<b>Profit for the year</b>		<b>305,624</b>	242,331
<b>Earnings per share</b>	11		
Basic earnings per share (RMB)		<b>0.544</b>	0.424
Diluted earnings per share (RMB)		<b>0.532</b>	0.419

The notes on pages 83 to 162 are an integral part of these consolidated financial statements. Details of dividends payable to Equity shareholders of the Company attributable to the profit for the year are set out in note 22(b).

# Consolidated Statement of Comprehensive Income

For the year ended 31 December 2012  
(Expressed in Renminbi)

	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
<b>Profit for the year</b>	<b>305,624</b>	242,331
<b>Other comprehensive income for the year (after tax and reclassification adjustments)</b>	<b>733</b>	(5,669)
Exchange differences on translation of financial statements of the Company and overseas subsidiary	<b>733</b>	(5,669)
<b>Total comprehensive income for the year</b>	<b>306,357</b>	236,662
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>303,324</b>	233,276
Non-controlling interests	<b>3,033</b>	3,386
<b>Total comprehensive income for the year</b>	<b>306,357</b>	236,662

The notes on pages 83 to 162 are an integral part of these consolidated financial statements.

# Consolidated Statement of Financial Position

At 31 December 2012  
(Expressed in Renminbi)

	<i>Note</i>	<b>2012</b> <i>RMB'000</i>	2011 <i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	12	<b>53,253</b>	56,229
Investment property	12	<b>3,766</b>	3,899
Prepayments	13	<b>792,869</b>	230,000
Interest in associates	15	<b>48,086</b>	47,722
Other non-current financial assets	16(a)	<b>24,339</b>	30,447
Deferred tax assets	21(b)	<b>5,146</b>	3,643
		<b>927,459</b>	371,940
<b>Current assets</b>			
Trade and other receivables	17	<b>468,945</b>	566,039
Cash and cash equivalents	18	<b>1,442,752</b>	913,179
		<b>1,911,697</b>	1,479,218
<b>Current liabilities</b>			
Trade and other payables	19	<b>1,501,348</b>	742,860
Current taxation	21(a)	<b>91,666</b>	68,819
		<b>1,593,014</b>	811,679
<b>Net current assets</b>		<b>318,683</b>	667,539
<b>Total assets less current liabilities</b>		<b>1,246,142</b>	1,039,479
<b>Non-current liability</b>			
Other non-current financial liability	16(b)	<b>12,442</b>	14,245
		<b>12,442</b>	14,245
<b>NET ASSETS</b>		<b>1,233,700</b>	1,025,234

# Consolidated Statement of Financial Position

At 31 December 2012  
(Expressed in Renminbi)

	<i>Note</i>	<b>2012</b> <i>RMB'000</i>	2011 <i>RMB'000</i>
<b>CAPITAL AND RESERVES</b>			
Share capital	22(c)	<b>171</b>	171
Reserves		<b>1,224,542</b>	1,018,704
<b>Total equity attributable to equity shareholders of the Company</b>		<b>1,224,713</b>	1,018,875
<b>Non-controlling interests</b>		<b>8,987</b>	6,359
<b>TOTAL EQUITY</b>		<b>1,233,700</b>	1,025,234

Approved and authorised for issue by the board of directors on 20 March 2013.

**Chen Xin**  
*Chairman*

**He Hui David**  
*Director*

The notes on pages 83 to 162 are an integral part of these consolidated financial statements.

# Statement of Financial Position

At 31 December 2012  
(Expressed in Renminbi)

	Note	2012 RMB'000	2011 RMB'000
<b>Non-current assets</b>			
Investments in subsidiaries	14	226,940	223,515
Interest in associates	15	34,853	34,846
Other non-current financial assets	16(a)	3,767	6,609
		<b>265,560</b>	264,970
<b>Current assets</b>			
Trade and other receivables	17	314,023	272,803
Cash and cash equivalents	18	8,116	20,701
		<b>322,139</b>	293,504
<b>Current liability</b>			
Trade and other payables		2,763	2,275
		<b>2,763</b>	2,275
<b>Net current assets</b>			
		<b>319,376</b>	291,229
<b>Total assets less current liability</b>			
		<b>584,936</b>	556,199
<b>NET ASSETS</b>			
		<b>584,936</b>	556,199
<b>CAPITAL AND RESERVES</b>			
Share capital	22(c)	171	171
Reserves	22(a)	584,765	556,028
<b>TOTAL EQUITY</b>			
		<b>584,936</b>	556,199

Approved and authorised for issue by the board of directors on 20 March 2013.

**Chen Xin**  
Chairman

**He Hui David**  
Director

The notes on pages 83 to 162 are an integral part of these consolidated financial statements.

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2012  
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company										
	Capital								Retained earnings	Non-controlling interests	Total equity
	Share capital	Share premium	Share redemption reserve	Capital reserve	Statutory reserve	Translation reserve	Other reserves	Total			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
(note 22(c))	(note 22(d))	(note 22(d))	(note 22(d))	(note 22(d))	(note 22(d))	(note 22(d))	(note 22(d))	(note 22(d))	(note 22(d))		
<b>Balance at 1 January 2011</b>	174	468,406	18	18,030	55,217	1,506	(9,338)	315,127	849,140	6,904	856,044
Equity-settled share-based transactions (note 20)	—	—	—	4,645	—	—	—	—	4,645	—	4,645
Purchase of own shares	(3)	—	3	—	—	—	—	(19,722)	(19,722)	—	(19,722)
Acquisition of non-controlling interests	—	—	—	9,842	—	—	—	3,301	13,143	(3,301)	9,842
Dividends (note 22(b))	—	—	—	—	—	—	—	(62,224)	(62,224)	(630)	(62,854)
Appropriation to reserves	—	—	—	—	5,435	—	—	(5,435)	—	—	—
Exercise of share option	—	803	—	(186)	—	—	—	—	617	—	617
Total comprehensive income for the year	—	—	—	—	—	(5,669)	—	238,945	233,276	3,386	236,662
<b>Balance at 31 December 2011</b>	171	469,209	21	32,331	60,652	(4,163)	(9,338)	469,992	1,018,875	6,359	1,025,234
Equity-settled share-based transactions (note 20)	—	—	—	3,904	—	—	—	—	3,904	—	3,904
Purchase of own shares	(1)	—	1	—	—	—	—	(7,346)	(7,346)	—	(7,346)
Dividends (note 22(b))	—	—	—	—	—	—	—	(96,546)	(96,546)	(405)	(96,951)
Appropriation to reserves	—	—	—	—	136	—	—	(136)	—	—	—
Exercise of share option	1	3,764	—	(1,263)	—	—	—	—	2,502	—	2,502
Total comprehensive income for the year	—	—	—	—	—	733	—	302,591	303,324	3,033	306,357
<b>Balance at 31 December 2012</b>	171	472,973	22	34,972	60,788	(3,430)	(9,338)	668,555	1,224,713	8,987	1,233,700

The notes on pages 83 to 162 are an integral part of these consolidated financial statements.

# Consolidated Cash Flow Statement

For the year ended 31 December 2012  
(Expressed in Renminbi)

	<i>Note</i>	<b>2012</b> <i>RMB'000</i>	2011 <i>RMB'000</i>
<b>Operating activities</b>			
Cash generated from operations	18(b)	<b>1,307,971</b>	605,682
PRC income tax paid	21(a)	<b>(110,124)</b>	(78,699)
<b>Net cash generated from operating activities</b>		<b>1,197,847</b>	526,983
<b>Investing activities</b>			
Payment for the purchase of property, plant and equipment		<b>(4,634)</b>	(9,148)
Proceeds from sales of property, plant and equipment		<b>511</b>	377
Prepayment for acquisition of a property		<b>(554,000)</b>	(230,000)
Payment for acquisition of associates		<b>(10,000)</b>	(51,880)
Prepayment for acquisition of an entity		<b>(22,869)</b>	—
Payment for acquisition of other non-current financial assets		<b>—</b>	(38,952)
Interest received		<b>23,381</b>	10,589
<b>Net cash used in investing activities</b>		<b>(567,611)</b>	(319,014)

# Consolidated Cash Flow Statement

For the year ended 31 December 2012  
(Expressed in Renminbi)

	<i>Note</i>	<b>2012</b> <i>RMB'000</i>	2011 <i>RMB'000</i>
<b>Financing activities</b>			
Payment for purchase of own shares	22(c) (ii)	<b>(7,346)</b>	(19,722)
Proceeds from shares issued under share option scheme		<b>2,502</b>	617
Acquisition of non-controlling interests		—	(3,583)
Dividends paid to equity shareholders of the Company		<b>(96,546)</b>	(62,224)
<b>Net cash used in financing activities</b>		<b>(101,390)</b>	(84,912)
<b>Net increase in cash and cash equivalents</b>			
Cash and cash equivalents at 1 January		<b>913,179</b>	795,791
Effect of exchange rate changes		<b>727</b>	(5,669)
<b>Cash and cash equivalents at 31 December</b>	18	<b>1,442,752</b>	913,179

The notes on pages 83 to 162 are an integral part of these consolidated financial statements.

# Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 1. SIGNIFICANT ACCOUNTING POLICIES

### (a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (IFRS), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (IASs) and Interpretations issued by the International Accounting Standards Board (IASB), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

The IASB has issued certain new and revised IFRS that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

The consolidated financial statements were authorised for issue by the Board of Directors on 20 March 2013.

### (b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2012 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates.

The financial statements are presented in Renminbi (“RMB”) (the “presentation currency”), rounded to the nearest thousand.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- derivative financial instruments (see note 1(h))

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

# Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (b) Basis of preparation of the financial statements (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

### (c) Changes in accounting policies

The IASB has issued several amendments to IFRS that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to IFRS 7, *Financial instruments: Disclosures — Transfers of financial assets*
- Amendments to IAS 12, *Income taxes — Deferred tax: Recovery of underlying assets*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The amendments to IFRS 7 and IAS 12 have had no material impact on the Group's financial statements as the amendments were either consistent with policies already adopted by the Group or these changes will be effective as and when the Group enters a relevant transaction. None of the other developments are relevant to the Group's financial statements and the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### (d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (d) Subsidiaries and non-controlling interests (continued)

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(g)) or, when appropriate, the cost on initial recognition of an investment in an associate (see note 1(e)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(l)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

# Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (e) Associates

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes 1(f) and (l)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(g)) or, when appropriate, the cost on initial recognition of an investment in an associate (see note 1(e)).

In the Company's statement of financial position, investments in associates are stated at cost less impairment losses (see note 1(l)), unless classified as held for sale (or included in a disposal group that is classified as held for sale).

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (f) Goodwill

Goodwill represents the excess of

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or Groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 1(l)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

### (g) Other investments in equity securities

The Group's and the Company's policies for investments in equity securities, other than investments in subsidiaries and associates, are as follows:

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 1(l)).

Investments in securities which do not fall into the above category are classified as available-for-sale securities. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve, except foreign exchange gains and losses resulting from changes in the amortised cost of monetary items such as debt securities which are recognised directly in profit or loss. Dividend income from these investments is recognised in profit or loss in accordance with the policy set out in note 1(s)(v) and, where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss in accordance with the policy set out in note 1(s)(vi). When these investments are derecognised or impaired (see note 1(l)), the cumulative gain or loss is reclassified from equity to profit or loss.

Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

# Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (h) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedge the net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

### (i) Investment property

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation.

#### (i) Recognition and measurement

Investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the properties.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

#### (ii) Depreciation

Depreciation is based on the cost of an investment property less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of investment property.

The estimated useful live for the current year is as follows:

- Buildings 30 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (j) Other property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(l)):

- buildings held for own use; and
- other items of plant and equipment.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

- Buildings 30 years.
- Fixtures, fittings and computer equipment 3–5 years.
- Motor vehicles 5 years.

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

### (k) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

# Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (k) Leased assets (continued)

#### (i) Classification of assets leased to the Group

Assets that are held by group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

- property held under operating leases that would otherwise meet the definition of an investment property is classified as investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and
- land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

#### (ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

### (l) Impairment of assets

#### (i) Impairment of investments in equity securities and other receivables

Investments in equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (I) Impairment of assets (continued)

#### (i) Impairment of investments in equity securities and other receivables (continued)

- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For investments in subsidiaries and associates (including those recognised using the equity method (see note 1(e))), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 1(l)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 1(l)(ii).
- For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.
- For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

# Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (I) Impairment of assets (continued)

#### (i) Impairment of investments in equity securities and other receivables (continued)

- For available-for-sale securities, the cumulative loss that has been recognised in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors and bills receivable included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

#### (ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment; and
- goodwill.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (I) Impairment of assets (continued)

#### (ii) Impairment of other assets (continued)

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

#### — Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

#### — Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

#### — Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

# Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (l) Impairment of assets (continued)

#### (iii) *Interim financial reporting and impairment*

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with IAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 1(l)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill, available-for-sale equity securities and unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates. Consequently, if the fair value of an available-for-sale equity security increases in the remainder of the annual period, or in any other period subsequently, the increase is recognised in other comprehensive income and not profit or loss.

### (m) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 1(l)(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

### (n) Trade and other payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

### (o) Cash and Cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (p) Employee benefits

#### (i) *Short term employee benefits and contributions to defined contribution retirement plans*

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

#### (ii) *Share-based payment*

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

#### (iii) *Termination benefits*

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

# Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (q) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (q) Income tax (continued)

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

# Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (r) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

### (s) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

#### (i) *Media resources management*

Revenue from media resources management is primarily derived from the placement of advertisements. Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to reports issued by an independent third party with relevant qualification and experience on a monthly basis, which evidence the advertisement actually broadcast.

#### (ii) *Integrated brand communication services*

Revenue from integrated brand communication services is primarily derived from commissions received for assisting advertising clients in obtaining advertising time on media platforms, primarily television stations. When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group in proportion to the stage of completion of the transaction on a monthly basis. The stage of completion is assessed by reference to service performed to date as a percentage of total services to be performed.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (s) Revenue recognition (continued)

#### (iii) *Creative production of advertisement and content*

Revenue from creative production of advertisement and content is primarily derived from designing and developing advertisement production. The revenue is recognised when advertisement production is delivered to the customer which is taken to be the point in time when the customer has accepted the advertisement production and the related risks and rewards of ownership.

#### (iv) *Rental income from operating leases*

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

#### (v) *Dividends*

- Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.
- Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

#### (vi) *Interest income*

Interest income is recognised as it accrues using the effective interest method.

#### (vii) *Government grants*

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Government grants that become receivable as compensation for expenses already incurred are recognised in profit or loss as other income of the period in which they become receivable.

# Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (t) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Renminbi at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Renminbi at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

### (u) Related parties

(a) *A person, or a close member of that person's family, is related to the Group if that person:*

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

(b) *An entity is related to the Group if any of the following conditions applies:*

- (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (u) Related parties (continued)

(b) *An entity is related to the Group if any of the following conditions applies: (continued)*

- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

### (v) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

# Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (v) Segment reporting (continued)

In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resources allocation and performance assessment, the Group has determined and presented a single reportable segment to disclose information as a whole about its services, geographical areas, and major customers.

## 2. ACCOUNTING JUDGEMENT AND ESTIMATES

*Key sources of estimation uncertainty are as follows:*

The Group's financial condition and results of operations are sensitive to accounting methods, assumptions and estimates that underlie the preparation of the financial statements. The Group bases the assumptions and estimates on historical experience and on various other assumptions that the Group believes to be reasonable and which form the basis for making judgments about matters that are not readily apparent from other sources. On an ongoing basis, the Group evaluates its estimates. Actual results may differ from those estimates as facts, circumstances and conditions change.

The selection of critical accounting policies, the judgments and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the financial statements. The Group believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of the financial statements.

#### — Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. The Group reviews annually the useful life of an asset and its residual value, if any. Both the period and method of depreciation are reviewed annually. The depreciation expense for future periods are adjusted if there are significant changes from previous estimates.

#### — Impairment of interest in associates

The recoverable amounts of the cash-generating unit are determined based on value in use calculations. These calculations use cash flow projections based on financial forecast. One major assumption is annual growth rates in revenue which vary among different associates. The growth rates are based on the associates' growth forecasts and the average long-term growth rate for the relevant industry. Another key assumption for the value-in-use calculations is the stable budgeted gross margin, which is determined based on the associates' past performance and its expectation for market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of each associate to exceed its recoverable amount. The discount rates used are pre-tax and reflect specific risks relating to each associate.

### 3. REVENUE

	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
Media resources management	<b>1,592,942</b>	1,605,435
Integrated brand communication services	<b>39,276</b>	18,613
Creative production of advertisement and content	<b>35,706</b>	39,255
Others	<b>145</b>	638
Less: Sales taxes and surcharges	<b>(25,956)</b>	(46,141)
	<b>1,642,113</b>	1,617,800

### 4. OTHER INCOME

	<i>Note</i>	2012 <i>RMB'000</i>	2011 <i>RMB'000</i>
Government grant	<i>(i)</i>	<b>25,468</b>	6,675
Others		<b>162</b>	563
		<b>25,630</b>	7,238

- (i) It is the unconditional discretionary grants received from a local government authority in recognition of the Group's contribution to the development of local economies.

# Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 5. PROFIT BEFORE TAXATION

### (a) Finance income and costs

	<i>Note</i>	<b>2012</b> <i>RMB'000</i>	2011 <i>RMB'000</i>
Interest income on bank deposits		<b>23,381</b>	9,610
Changes in fair value of derivative financial instruments	<i>16(b)</i>	<b>1,803</b>	7,458
<b>Finance income</b>		<b>25,184</b>	17,068
Changes in fair value of derivative financial instruments	<i>16(a)</i>	<b>(5,201)</b>	(579)
Net foreign exchange loss		<b>(1,359)</b>	(149)
Others		<b>(35)</b>	—
<b>Finance costs</b>		<b>(6,595)</b>	(728)
<b>Net finance income</b>		<b>18,589</b>	16,340

### (b) Staff cost

	<i>Note</i>	<b>2012</b> <i>RMB'000</i>	2011 <i>RMB'000</i>
Salaries, wages and other benefits		<b>61,143</b>	46,131
Contribution to defined contribution plan	<i>(i)</i>	<b>13,336</b>	9,448
Equity-settled share-based payment expense	<i>20</i>	<b>3,904</b>	4,645
<b>Staff cost</b>		<b>78,383</b>	60,224

*(i) Defined contribution plan*

As stipulated by the regulations of the PRC, the Group participates in a defined contribution retirement plan organised by municipal and provincial governments for its employees. The Group is required to make contributions to the retirement plans at rates ranging from 20% to 22% of the salaries, bonuses and certain allowances of the employees. A member of the plan is entitled to a pension equal to a fixed proportion of the salary prevailing at the member's retirement date. The Group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above.

## 5. PROFIT BEFORE TAXATION (CONTINUED)

### (c) Other items

The following expenses are included in cost of services, selling and marketing expenses and general and administrative expenses.

	<i>Note</i>	<b>2012</b> <i>RMB'000</i>	2011 <i>RMB'000</i>
Depreciation	12	<b>7,243</b>	6,799
Impairment losses			
– trade and bills receivable	17(b)	<b>6,921</b>	(980)
– other debtors		<b>4,500</b>	164
– available-for-sale equity security	16(a)	–	18,952
– interest in associates	15	<b>9,380</b>	–
		<b>20,801</b>	18,136
Operating lease charges: minimum lease payments			
– hire of machinery		<b>472</b>	387
– hire of properties		<b>9,647</b>	6,127
		<b>10,119</b>	6,514
Auditors' remuneration			
– audit services		<b>3,100</b>	3,100
Professional fee		<b>3,133</b>	3,219

# Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 6. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

### (a) Taxation in the consolidated income statement represents:

	2012 RMB'000	2011 RMB'000
<b>Current tax</b>		
Provision for PRC income tax	132,971	118,068
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(1,503)	1,064
<b>Total income tax expense</b>	<b>131,468</b>	119,132

- (i) No provision has been made for Hong Kong profits tax as the Company and its subsidiary in Hong Kong did not earn any income subject to Hong Kong profits tax during the year.
- (ii) The provision for PRC income tax is based on the respective applicable rates on the estimated assessable income of the Group entities in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC.

Except for the Company and its subsidiary in Hong Kong, applicable income tax rate of other Group entities in the PRC is the uniform tax rate of 25%.

### (b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2012 RMB'000	2011 RMB'000
Profit before taxation	437,092	361,463
Notional tax on profit before taxation, calculated at the statutory tax rates applicable to the respective tax jurisdictions	109,710	90,577
Tax effect of non-deductible expenses	9,872	10,020
Withholding tax withhold by PRC subsidiaries	13,460	16,896
Tax losses not recognised as deferred tax assets	165	47
Offset unused tax losses	(1,579)	—
Tax effect of unused tax losses not recognised	—	2,192
Tax effect of non-taxable income	(160)	(600)
<b>Actual tax expense</b>	<b>131,468</b>	119,132

## 7. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

**For the year ended 31 December 2012**

	Note	Salaries, allowances and other benefits		Contribution to defined contribution plan	Equity-settled share-based payment	Total	
		Directors' fees RMB'000	in kind RMB'000	Discretionary bonuses RMB'000	RMB'000	RMB'000	RMB'000
<b>Executive directors</b>							
Chen Xin		–	1,122	1,122	72	–	2,316
Liu Jinlan		–	1,122	1,122	72	137	2,453
Li Zongzhou		–	840	518	–	103	1,461
<b>Non-executive directors</b>							
Zhu Jia		–	–	–	–	–	–
He Hui David		–	–	–	–	69	69
<b>Independent non-executive directors</b>							
Ding Junjie		122	–	–	–	5	127
Qi Daqing		122	–	–	–	7	129
LianYuming		122	–	–	–	76	198
Wang Xin	(i)	76	–	–	–	23	99
		<b>442</b>	<b>3,084</b>	<b>2,762</b>	<b>144</b>	<b>420</b>	<b>6,852</b>

(i) Ms. Wang Xin, independent non-executive director, was appointed on 23 May 2012.

# Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 7. DIRECTORS' REMUNERATION (CONTINUED)

For the year ended 31 December 2011

		Salaries, allowances and other benefits			Contribution to defined contribution plan	Equity-settled share-based payment	Total
	Directors' fees	benefits in kind	Discretionary bonuses				
Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Executive directors</b>							
	Chen Xin	—	1,020	960	66	—	2,046
	Liu Jinlan	—	1,020	960	66	234	2,280
	Li Zongzhou	—	744	372	—	234	1,350
<b>Non-executive directors</b>							
	Zhu Jia	—	—	—	—	—	—
	Huang Jingsheng	(ii)	—	—	—	—	—
	He Hui David	(ii)	—	—	—	117	117
<b>Independent non-executive directors</b>							
	Ding Junjie		124	—	—	15	139
	Qi Daqing		124	—	—	19	143
	Chen Tianqiao	(iii)	52	—	—	15	67
	Lian Yuming	(iii)	73	—	—	24	97
			373	2,784	2,292	132	658
							6,239

(ii) Mr. Huang Jingsheng, non-executive director, resigned on 25 August 2011 and was replaced by Mr. He Hui David.

(iii) Mr. Chen Tianqiao, independent non-executive director, retired on 20 May 2011 and was replaced by Mr. Lian Yuming.

## 8. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments during the year ended 31 December 2012, two (2011: two) are directors whose emoluments is disclosed in note 7. The aggregate of the emoluments in respect of the other three (2011: three) are as follows:

	2012 RMB'000	2011 RMB'000
Salaries, allowances and other benefits in kind	4,577	4,160
Contribution to defined contribution plan	155	139
Equity-settled share-based transactions	331	623
	<b>5,063</b>	4,922

The emoluments of the three (2011: three) individuals with the highest emoluments are within the following bands:

	2012	2011
Nil to RMB1,000,000	—	—
RMB1,000,001 to RMB1,500,000	—	—
RMB1,500,001 to RMB2,000,000	3	3

## 9. PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company for the year ended 31 December 2012 includes a loss of RMB8,963 thousand (2011: loss of RMB15,125 thousand) and dividends of RMB134,595 thousand (2011: dividends of RMB112,661 thousand) from subsidiaries attributable to the profit of current financial years, which have been dealt with in the financial statements of the Company.

# Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 9. PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY (CONTINUED)

Reconciliation of the above amount to the Company's profit for the year:

	2012 RMB'000	2011 RMB'000
Amount of loss attributable to equity shareholders dealt with in the Company's financial statements	(8,963)	(15,125)
Dividends from subsidiaries attributable to the profit of current financial years, approved during the year	134,595	112,661
Company's profit for the year (note 22(a))	125,632	97,536

Details of dividends paid and payable to equity shareholders of the Company are set out in note 22(b)(i).

## 10. OTHER COMPREHENSIVE INCOME

There are no tax effects relating to the exchange differences on translation of financial statements of the Company and its subsidiary in Hong Kong during the year (2011: nil).

## 11. EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB302,591 thousand (2011: RMB238,945 thousand) and the weighted average of 556,598 thousand ordinary shares (2011: 563,649 thousand shares) in issue during the year, calculated as follows:

Profit attributable to ordinary equity shareholders	2012 RMB'000	2011 RMB'000
Profit for the year	302,591	238,945
Profit attributable to ordinary equity shareholders	302,591	238,945

## 11. EARNINGS PER SHARE (CONTINUED)

### (a) Basic earnings per share (continued)

<b>Weighted average number of ordinary shares</b>	<i>Note</i>	<b>2012</b> <b>'000</b>	2011 <b>'000</b>
Issued ordinary shares at 1 January		<b>557,025</b>	566,838
Effect of issues of ordinary shares upon exercise of share options	22(c)(i)	<b>1,262</b>	181
Effect of purchase of own shares	22(c)(i)	<b>(1,689)</b>	(3,370)
Weighted average number of ordinary shares at 31 December		<b>556,598</b>	563,649

### (b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB302,591 thousand (2011: RMB238,945 thousand) and the weighted average number of ordinary shares of 569,190 thousand shares (2011: 570,921 thousand shares after adjusting for the effect of share options on issue), calculated as follows:

<b>Profit attributable to ordinary equity shareholders (diluted)</b>	<b>2012</b> <b>RMB'000</b>	2011 <b>RMB'000</b>
Profit attributable to ordinary equity shareholders (basic and diluted)	<b>302,591</b>	238,945

<b>Weighted average number of ordinary shares (diluted)</b>	<b>2012</b> <b>'000</b>	2011 <b>'000</b>
Weighted average number of ordinary shares (basic)	<b>556,598</b>	563,649
Effect of share options on issue	<b>12,592</b>	7,272
Weighted average number of ordinary shares (diluted) at 31 December	<b>569,190</b>	570,921

# Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 12. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

	Buildings RMB'000	Fixtures, fittings and computer equipment RMB'000	Motor vehicles RMB'000	Sub-total RMB'000	Investment property RMB'000	Total RMB'000
<b>Original cost</b>						
Balance at 1 January 2011	50,162	4,462	14,064	68,688	—	68,688
Additions	—	2,221	6,927	9,148	3,988	13,136
Disposals	—	(925)	(2,927)	(3,852)	—	(3,852)
Balance at 31 December 2011	50,162	5,758	18,064	73,984	3,988	77,972
Balance at 1 January 2012	<b>50,162</b>	<b>5,758</b>	<b>18,064</b>	<b>73,984</b>	<b>3,988</b>	<b>77,972</b>
Additions	—	<b>4,159</b>	<b>475</b>	<b>4,634</b>	—	<b>4,634</b>
Disposals	—	<b>(3,064)</b>	<b>(2,373)</b>	<b>(5,437)</b>	—	<b>(5,437)</b>
Balance at 31 December 2012	<b>50,162</b>	<b>6,853</b>	<b>16,166</b>	<b>73,181</b>	<b>3,988</b>	<b>77,169</b>
<b>Depreciation</b>						
Balance at 1 January 2011	5,679	1,639	6,769	14,087	—	14,087
Depreciation for the year	1,048	2,780	2,882	6,710	89	6,799
Disposals	—	(922)	(2,120)	(3,042)	—	(3,042)
Balance at 31 December 2011	6,727	3,497	7,531	17,755	89	17,844
Balance at 1 January 2012	<b>6,727</b>	<b>3,497</b>	<b>7,531</b>	<b>17,755</b>	<b>89</b>	<b>17,844</b>
Depreciation for the year	<b>2,301</b>	<b>1,899</b>	<b>2,910</b>	<b>7,110</b>	<b>133</b>	<b>7,243</b>
Disposals	—	<b>(2,059)</b>	<b>(2,878)</b>	<b>(4,937)</b>	—	<b>(4,937)</b>
Balance at 31 December 2012	<b>9,028</b>	<b>3,337</b>	<b>7,563</b>	<b>19,928</b>	<b>222</b>	<b>20,150</b>
<b>Carrying amounts</b>						
At 31 December 2011	43,435	2,261	10,533	56,229	3,899	60,128
At 31 December 2012	<b>41,134</b>	<b>3,516</b>	<b>8,603</b>	<b>53,253</b>	<b>3,766</b>	<b>57,019</b>

### 13. PREPAYMENTS

	Note	The Group	
		2012 RMB'000	2011 RMB'000
Prepayment for acquisition of properties	(i)	770,000	230,000
Prepayment for acquisition of an entity	(ii)	22,869	—
		<b>792,869</b>	230,000

- (i) In December 2012, the Group entered into a framework agreement with an independent third party to acquire a property located in Beijing, the consideration for the acquisition is RMB854,000 thousand (excluded relevant taxes). According to the agreement, the Group has paid first installment of RMB540,000 thousand to the seller. As at the end of 2012, the ownership transfer is in progress.
- (ii) In December 2012, the Group entered into an agreement with the shareholders of Hangzhou 3G Media Company Limited (“Hangzhou 3G”) to acquire its 75.26% equity interest, and the aggregated consideration for the acquisition is RMB49,890 thousand. The Group has paid RMB22,869 thousand in the year of 2012 to the sellers. As at the end of 2012, the take over process is in progress.

### 14. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2012 RMB'000	2011 RMB'000
Investment, at cost	226,940	223,515

# Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 14. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

As at 31 December 2012, the Company had direct and indirect interests in the following subsidiaries:

Name of company	Note	Place and date of incorporation/ establishment	Registered and fully paid capital	Proportion of ownership interest			Principal activities
				Group's effective interest	Held by the Company	Held by a subsidiary	
<b>Sino-foreign equity joint venture enterprise established in the PRC</b>							
CTV Golden Bridge International Media Group Company Limited 中視金橋國際傳媒集團有限公司	(i) (vii)	Shanghai, the PRC 23 June 2005	USD30,000,000	99.7%	99.7%	—	Provision of nationwide TV advertising coverage and campaign planning, and TV advertisement production services for advertisers and advertising agents
<b>Foreign venture enterprise established in the Hongkong</b>							
CTV Golden Bridge International Media (Hong Kong) Company Limited 中視金橋國際傳媒(香港)有限公司	(ii)	Hong Kong 31 May 2011	HKD10,000,000	100%	100%	—	Provision of nationwide TV advertising coverage and campaign planning, and TV advertisement production services for advertisers and advertising agents

## 14. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Note	Place and date of incorporation/ establishment	Registered and fully paid capital	Proportion of ownership interest			Principal activities
				Group's effective interest	Held by the Company	Held by a subsidiary	
<b>Domestic companies established in the PRC</b>							
CTV Golden Bridge International Media Jiangsu Company Limited 中視金橋國際傳媒江蘇有限公司	(iii) (vii)	Jiangsu, the PRC 30 January 2007	RMB2,000,000	99.7%	—	100%	Provision of nationwide TV advertising coverage and campaign planning, and TV advertisement production services for advertisers and advertising agents
Beijing Taihe Ruishi Culture and Media Company Limited 北京太合瑞視文化傳媒有限公司	(iii) (vi) (vii)	Beijing, the PRC 4 November 2008	RMB3,000,000	99.7%	—	100%	Investment holding
Beijing Golden Bridge Senmeng Media Advertising Company Limited 北京金橋森盟傳媒廣告有限公司	(iii) (vi) (vii)	Beijing, the PRC 6 November 2008	RMB28,000,000	89.7%	—	90%	Provision of nationwide advertising coverage and campaign planning, and advertisement production services for advertisers and advertising agents
Beijing Jinqiao Yunhan Advertising Company Limited 北京金橋雲漢廣告有限公司	(iii) (vi) (vii)	Beijing, the PRC 19 October 2009	RMB10,000,000	99.7%	—	100%	Provision of nationwide advertising coverage and campaign planning, and advertisement production services for advertisers and advertising agents

# Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 14. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Note	Place and date of incorporation/ establishment	Registered and fully paid capital	Proportion of ownership interest			Principal activities
				Group's effective interest	Held by the Company	Held by a subsidiary	
Beijing Laite Laide Management Consultancy Company Limited 北京萊特萊德管理諮詢有限公司	(iii) (vi) (vii)	Beijing, the PRC 19 October 2009	RMB5,000,000	99.7%	—	100%	Provision of nationwide advertising coverage and campaign planning, and advertisement production services for advertisers and advertising agents
CTV Golden Bridge Advertising Company Limited 中視金橋廣告有限公司	(iii) (vii)	Shanghai, the PRC 19 January 2010	RMB50,000,000	99.7%	—	100%	Provision of nationwide advertising coverage and campaign planning, and advertisement production services for advertisers and advertising agents
Beijing Bozhiruicheng Information Consultancy Company Limited 北京博智瑞誠信息諮詢有限公司	(iii) (v) (vi) (vii)	Beijing, the PRC 23 November 2010	RMB25,000,000	99.7%	—	100%	Investment holding
Beijing Taihe Ruishi Advertising Company Limited 北京太合瑞視廣告有限公司	(iv) (vi) (vii)	Beijing, the PRC 8 July 2011	RMB1,000,000	99.7%	—	100%	Provision of nationwide advertising coverage and campaign planning, and advertisement production services for advertisers and advertising agents
CTV Golden Bridge Culture Development (Beijing) Company Limited 中視金橋文化發展(北京)有限公司	(iii) (v) (vi) (vii)	Beijing, the PRC 24 November 2011	RMB30,000,000	99.7%	—	100%	Advertisement design production, agency and publishing services sales of computer software and ancillary equipment

#### 14. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

- (i) This entity is invested by the Company and Shanghai CTV Golden Bridge International Culture and Communication Company Limited.
- (ii) This entity is invested by the Company.
- (iii) These eight entities are invested by CTV Golden Bridge International Media Group Company Limited.
- (iv) This entity is invested by Beijing Taihe Ruishi Culture and Media Company Limited.
- (v) These two entities are controlled by CTV Golden Bridge International Media Group Company Limited through contractual arrangements.
- (vi) Entities not audited by KPMG.
- (vii) The English translation of the names of the above companies is for reference only. The official names of the companies are in Chinese.

#### 15. INTEREST IN ASSOCIATES

	The Group		The Company	
	2012 RMB'000	2011 RMB'000	2012 RMB'000	2011 RMB'000
Unlisted shares, at cost	—	—	34,853	34,846
Share of net assets	52,611	47,722	—	—
Goodwill	4,855	—	—	—
	<b>57,466</b>	47,722	<b>34,853</b>	34,846
Less: impairment loss	(9,380)	—	—	—
	<b>48,086</b>	47,722	<b>34,853</b>	34,846

# Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 15. INTEREST IN ASSOCIATES (CONTINUED)

The following list contains particulars of associates which principally affected the results or assets of the Group:

Name of company	Note	Place of Incorporation	Paid up capital	Proportion of ownership interest			Principal activities
				Group's effective interest	Held by the Company	Held by a subsidiary	
Beijing Lotour Huicheng Internet Technology Company Limited 北京樂途匯誠網絡技術有限責任公司	(i)	Beijing, the PRC 21 December 2010	RMB20,000,000	42.9%	—	43%	Provision of nationwide advertising coverage and campaign planning, advertisement production conference service and exhibition design service for advertisers and advertising agents
FoneNet Inc. 風網股份有限公司		Cayman Islands, 7 July 2004	USD180,000	13.3%	13.3%	—	Provision of development and production of software; undertake network engineering, technical services, technical training and consulting; sales of own products
Guoguang Shengshi Culture and Media (Beijing) Company Limited 國廣盛世文化傳媒(北京)有限公司	(i)	Beijing, the PRC 27 June 2011	RMB10,000,000	48.9%	—	49%	Provision of nationwide advertising project and coverage, campaign planning, exhibition design service, technical service and consultation, investment management and consulting, property management and marketing planning

(i) The English translation of the name of the companies above is for reference only. The official name of the companies is in Chinese.

## 15. INTEREST IN ASSOCIATES (CONTINUED)

### (a) Beijing Lotour Huicheng Internet Technology Company Limited (“Lotour Huicheng”)

Beijing Bozhiruicheng Information Consultancy Company Limited (“Bozhiruicheng”), a subsidiary controlled by the Group through contractual arrangements, owns 43% of the voting power of Lotour Huicheng and has significant influence over the financial and operating policies of Lotour Huicheng. Lotour Huicheng was established by Bozhiruicheng and Beijing Lotour Internet Technology Company Limited (“Beijing Lotour”), Bozhiruicheng holds 43% equity interest of Lotour Huicheng, and Beijing Lotour holds 57% equity interest.

The Group provided impairment on interest in Lotour Huicheng by RMB9.38 million due to the loss on Lotour Huicheng’s financial performance of 2012 and a negative financial forecast for future years.

The impairment is measured by the difference between the carrying amount of interest in Lotour Huicheng and its recoverable amount, which is based on value in use calculation. The calculation is based on the management’s best estimates of the financial performance and the discount rate to reflect the specific risks relating to Lotour Huicheng.

### (b) FoneNet Inc.

The Company invested in FoneNet Inc. by USD6 million in 2011 and took 13.3% interest in FoneNet Inc. at 31 December 2012. Although the Group owns less than 20% of the voting power of FoneNet Inc., it has significant influence over the financial and operating policies through appointing one of the seven directors on the board.

### (c) Guoguang Shengshi Cultural Media Company (“Guoguang Shengshi”)

CTV Golden Bridge Culture Development (Beijing) Company Limited (“Golden Bridge Culture”), a subsidiary controlled by the Group through contractual arrangements, owns 49% of the voting power of Guoguang Shengshi and has significant influence over the financial and operating policies of Guoguang Shengshi. Global Broadcasting Media Group hold 51% equity interest of Guoguang Shengshi.

Summary financial information on associates is as follows:

	Assets	Liabilities	Equity	Revenue	Profit
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>2012</b>					
100 per cent	167,256	(38,953)	(128,303)	157,473	10,010
Group’s effective interest	68,584	(15,973)	(52,611)	64,572	(1,169)
<b>2011</b>					
100 per cent	162,147	(41,079)	(121,068)	109,867	6,682
Group’s effective interest	63,914	(16,192)	(47,722)	43,307	(7,169)

# Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 16. OTHER FINANCIAL ASSETS AND OTHER FINANCIAL LIABILITY

### (a) Other non-current financial assets

	Note	The Group		The Company	
		2012 RMB'000	2011 RMB'000	2012 RMB'000	2011 RMB'000
<b>Available-for-sale equity securities</b>					
Ftuan.com	(i)	—	—	—	—
CNLive	(ii)	20,000	20,000	—	—
<b>Derivative financial assets</b>					
<b>Options</b>					
<b>FoneNet</b>					
— Conversion option	(iii)	508	381	508	381
— Redemption option	(iv)	3,259	2,803	3,259	2,803
<b>Lotour Huicheng</b>					
— Option to purchase equity interests	(v)	572	3,838	—	—
		4,339	7,022	3,767	3,184
<b>Warrants</b>					
	(vi)	—	3,425	—	3,425
		24,339	30,447	3,767	6,609

## 16. OTHER FINANCIAL ASSETS AND OTHER FINANCIAL LIABILITY (CONTINUED)

### (a) Other non-current financial assets (continued)

- (i) The Company invested USD3 million on Ftuan.com, a group purchase website, and took 2.71% of equity interests. The Company provided 100% impairment to the investment on Ftuan.com in the year of 2011 due to the loss on Ftuan.com's financial performance of 2011 and a negative financial forecast for future years. In the year of 2012, Ftuan.com still made a loss on its financial performance and a negative financial forecast for future years. No impairment was reversed in the year of 2012.

	The Group		The Company	
	2012 RMB'000	2011 RMB'000	2012 RMB'000	2011 RMB'000
Original cost	18,952	18,952	18,952	18,952
Impairment to the investment on Ftuan.com	(18,952)	(18,952)	(18,952)	(18,952)
Carrying value at 31 December 2012	—	—	—	—

- (ii) It represents 4.38% equity investment in CNLive, a mobile TV platform and service provider.
- (iii) The conversion option represents the right to convert preferred shares to common shares of FoneNet Inc. based on a conversion price determined by the financial performance of FoneNet Inc. according to the agreement signed by the Company and FoneNet Inc. in 2011. The fair value of conversion option is calculated by Black-Scholes Option Pricing model, of which major inputs are based on the management's best estimates of FoneNet Inc.'s financial performance and market related data at the end of reporting period.
- (iv) The redemption option represents the right to require FoneNet Inc. to redeem its preferred shares under certain conditions according to the agreement signed by the Company and FoneNet Inc. in 2011. The fair value of redemption option is calculated by Black-Scholes Option Pricing model, of which major inputs are based on the management's best estimates of FoneNet Inc.'s financial performance and market related data at the end of reporting period.
- (v) It represents the rights to obtain 5% of interest of Lotour Huicheng based on the financial performance of Lotour Huicheng according to the term in purchase agreement signed by the Group and Beijing Lotour. The option to purchase equity interests is measured based on management's best estimates of the financial performance and the discount rate to reflect the specific risks relating to Lotour Huicheng.
- (vi) The warrant represents the right of the Company to purchase approximately 1.25% additional interests of FoneNet Inc. at a certain price according to the agreement signed by the Company and FoneNet Inc. in 2011. The warrant was expired on 31 December 2012 and the Company did not exercise the warrant within the exercise period.

# Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 16. OTHER FINANCIAL ASSETS AND OTHER FINANCIAL LIABILITY (CONTINUED)

### (a) Other non-current financial assets (continued)

The movements of options and warrants during the year are set out below:

	The Group		The Company	
	2012 RMB'000	2011 RMB'000	2012 RMB'000	2011 RMB'000
At 31 December 2011	10,447	—	6,609	—
Utilisation/Acquisition of other financial assets in current year	(907)	2,989	—	2,989
Changes in fair value	(5,201)	7,458	(2,842)	3,620
At 31 December 2012	4,339	10,447	3,767	6,609

### (b) Other non-current financial liability

Other non-current financial liability as at 31 December 2012 accounted for the present value of the expected consideration to be paid for the acquisition of remaining 10% equity interests in Beijing Golden Bridge Senmeng Media Advertising Company Limited (“Golden Bridge Senmeng”) based on the financial performance of Golden Bridge Senmeng according to the agreement signed by CTV Golden Bridge International Media Group Company Limited, Beijing Senmeng Media Advertising Company Limited (“Beijing Senmeng”) and beneficial owner of Beijing Senmeng in 2010.

The fair value of the expected consideration to be paid is made based on the management’s best estimates of the financial performance and the discount rate to reflect the specific risks relating to Golden Bridge Senmeng.

The movements of other non-current financial liability during the year are set out below:

	The Group RMB'000
At 31 December 2011	14,245
Net changes in fair value of other financial liability	(1,803)
<b>At 31 December 2012</b>	<b>12,442</b>

## 17. TRADE AND OTHER RECEIVABLES

	Note	The Group		The Company	
		2012 RMB'000	2011 RMB'000	2012 RMB'000	2011 RMB'000
Trade debtors and bills receivable		<b>173,979</b>	151,953	—	—
Less: allowance for doubtful debts		<b>(65,129)</b>	(58,216)	—	—
		<b>108,850</b>	93,737	—	—
Amounts due from subsidiaries		—	—	<b>313,361</b>	272,387
		<b>108,850</b>	93,737	<b>313,361</b>	272,387
Prepayments and deposits to media suppliers		<b>308,047</b>	465,381	—	—
Advances to employees		<b>4,474</b>	2,398	<b>386</b>	291
Other debtors and prepayments	(i)	<b>52,238</b>	4,687	<b>276</b>	125
Less: allowance for doubtful debts of other debtors		<b>(4,664)</b>	(164)	—	—
		<b>468,945</b>	566,039	<b>314,023</b>	272,803

- (i) The balance is mainly consist of input value-added tax to be deducted, prepaid production cost and various deposits.

### (a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable (which are included in trade and other receivables), is as follows:

	2012		2011	
	Gross RMB'000	Impairment RMB'000	Gross RMB'000	Impairment RMB'000
Within 3 months	<b>84,391</b>	—	69,816	—
3 to 6 months	<b>23,512</b>	—	21,702	—
6 to 12 months	<b>3,390</b>	<b>2,571</b>	2,162	—
Over 12 months	<b>62,686</b>	<b>62,558</b>	58,273	58,216
	<b>173,979</b>	<b>65,129</b>	151,953	58,216

# Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 17. TRADE AND OTHER RECEIVABLES (CONTINUED)

### (a) Ageing analysis (continued)

Credit terms are granted to the customers, depending on credit assessment carried out by management on an individual basis. The credit terms for trade receivables are generally from nil to 90 days.

The Group's exposure to credit risks related to trade and other receivables are disclosed in note 23.

### (b) Impairment of trade debtors and bills receivable

Impairment losses in respect of trade debtors and bills receivable are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors and bills receivable directly.

The movement in the allowance for doubtful debts impairment in respect of trade and bills receivable during the year is as follows:

	2012 RMB'000	2011 RMB'000
Balance at 1 January	58,216	60,115
Impairment loss recognised	7,390	1,475
Reversal of impairment loss	(469)	(2,455)
Uncollectible amounts written off	(8)	(919)
Balance at 31 December	65,129	58,216

At 31 December 2012, the Group's trade debtors and bills receivable of RMB65,129 thousand (2011: RMB58,216 thousand) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. Consequently, specific allowances for doubtful debts of RMB65,129 thousand (2011: RMB58,216 thousand) were recognised. The Group does not hold any collateral over these balances.

## 17. TRADE AND OTHER RECEIVABLES (CONTINUED)

### (c) Trade debtors and bills receivable that are not impaired

The ageing analysis of trade debtors and bills receivable that are neither individually nor collectively considered to be impaired are as follows:

	<b>2012</b> <i>RMB'000</i>	2011 <i>RMB'000</i>
Neither past due nor impaired	<b>84,391</b>	69,816
Less than 6 months past due	<b>24,212</b>	23,137
More than 6 months but less than 12 months past due	<b>247</b>	784
Total amount past due	<b>24,459</b>	23,921
	<b>108,850</b>	93,737

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

## 18. CASH AND CASH EQUIVALENTS

	<b>The Group</b>		<b>The Company</b>	
	<b>2012</b> <i>RMB'000</i>	2011 <i>RMB'000</i>	<b>2012</b> <i>RMB'000</i>	2011 <i>RMB'000</i>
Cash at bank and on hand	<b>1,442,752</b>	913,179	<b>8,116</b>	20,701

# Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 18. CASH AND CASH EQUIVALENTS (CONTINUED)

### (a) Cash at bank and cash on hand are denominated in

	The Group		The Company	
	2012 RMB'000	2011 RMB'000	2012 RMB'000	2011 RMB'000
RMB	1,425,097	884,321	—	—
USD	6,404	13,026	1,074	12,217
EUR	1	—	1	—
AUD	8	8	8	8
HKD	11,242	15,824	7,033	8,476
	<b>1,442,752</b>	913,179	<b>8,116</b>	20,701

### (b) Reconciliation of profit before taxation to cash generated from operations:

	Note	2012 RMB'000	2011 RMB'000
Profit before taxation		437,092	361,463
Adjustments for:			
Depreciation	5(c)	7,243	6,799
Impairment loss on interest in associates		9,380	—
Impairment loss on other non-current financial assets		—	18,952
Finance costs	5(a)	5,201	579
Finance income	5(a)	(25,184)	(17,068)
Share of loss of associates		1,169	7,169
Net (gain)/loss on sale of property, plant and equipment		(11)	434
Equity-settled share-based payment expense	20	3,904	4,645
		<b>438,794</b>	382,973
Changes in working capital:			
Decrease/(Increase) in trade and other receivables		111,094	(151,899)
Increase in trade and other payables		758,083	374,608
Cash generated from operations		<b>1,307,971</b>	605,682

## 19. TRADE AND OTHER PAYABLES

	Note	2012 RMB'000	2011 RMB'000
Trade payables	(i)	<b>1,165,772</b>	432,475
Payroll and welfare expenses payables		<b>17,302</b>	14,681
Other tax payables	(ii)	<b>4,708</b>	11,726
Other payables and accrued charges		<b>4,135</b>	8,301
Dividends payable due to non-controlling interest of a subsidiary		<b>1,051</b>	646
Financial liabilities measured at amortised cost		<b>1,192,968</b>	467,829
Advances from customers	(iii)	<b>308,380</b>	275,031
		<b>1,501,348</b>	742,860

(i) An ageing analysis of trade payables is as follows:

	2012 RMB'000	2011 RMB'000
Due within 3 months	<b>406,901</b>	94,925
Due after 3 months but within 6 months	<b>116,532</b>	105,235
Due after 6 months but within 1 year	<b>642,339</b>	232,315
		<b>1,165,772</b>

(ii) Other tax payables mainly comprised surcharges payable and stamp duty payable.

(iii) Advances from customers represented the down-payments received from customers, which are expected to be recognised as revenue within one year.

The Group's exposure to liquidity risk related to trade and other payables is disclosed in note 23.

# Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 20. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

### (a) Pre-IPO Share Option Scheme

On 1 July 2007, the Group granted share options to employees of the Group, including directors of any companies in the Group, to subscribe for shares of the Company. Each option entitles the holder to purchase one ordinary share of the Company. The consideration for the acceptance of the option is RMB0.1 per option.

Pursuant to the written resolutions of the directors of the Company passed on 24 April 2008, each of the share option granted was sub-divided into 3.2 share options and the exercise price of share option was divided by 3.2 accordingly. The number and exercise price of share option granted have been retrospectively adjusted for the effects of the share subdivision as if the share option subdivision had taken place as at the grant date.

The share options granted vest in instalments over 4 years. Each instalment is accounted for as a separate share-based payment arrangement.

(i) *The terms and conditions of the grants that exist during the years are as follows:*

Grant date	Number of options	Vesting conditions	Contractual life of options
1 July 2007	4,232,000	One year's service	8 years
1 July 2007	3,340,000	Two years' service	8 years
1 July 2007	3,352,000	Three years' service	8 years
1 July 2007	2,672,000	Four years' service	8 years

## 20. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

### (a) Pre-IPO Share Option Scheme (continued)

(ii) The number and weighted average exercise prices of share options are as follows:

	2012		2011	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at the beginning of the year	<b>RMB1.56</b>	<b>14,360,000</b>	RMB1.56	14,408,000
Exercised during the year	<b>RMB1.56</b>	<b>764,000</b>	RMB1.56	—
Forfeited during the year	<b>RMB1.56</b>	<b>—</b>	RMB1.56	48,000
Outstanding at the end of the year		<b>13,596,000</b>		14,360,000
Exercisable at the end of the year		<b>13,596,000</b>		14,304,000

The options outstanding as at 31 December 2012 had an exercise price of RMB1.56 per share and a weighted average remaining contractual life of 2.5 years (2011:3.5 years).

(iii) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted was measured based on a binominal lattice model, with following input:

	1 July 2007
Share price	RMB2.31
Exercise price	RMB1.56
Expected volatility	34.39%
Option life	8 years
Expected dividends	0.00%
Risk-free interest rate	4.17%

# Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 20. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

### (a) Pre-IPO Share Option Scheme (continued)

#### (iii) Fair value of share options and assumptions (continued)

The expected volatility is based on average implied volatility of comparable companies in the media industry as at 1 July 2007 used in modelling under binomial option pricing model. Expected dividends are based on management estimate. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options are granted under a service condition. The condition has not been taken into account in the grant date fair value measurement of the services received. There was no market condition associated with the share option grants.

During the year ended 31 December 2012, no equity-settled share-based payments expenses (2011: RMB430 thousand) in respect of the Pre-IPO Share Option Scheme were recognised in the consolidated income statements.

### (b) Post-IPO Share Option Scheme

Pursuant to the ordinary resolutions of the shareholders of the Company passed on 27 May 2008, the Company has adopted a share option scheme (the "Post-IPO Scheme") whereby directors of the Company may, at their discretion, invite any full time employee, director or any person approved by the Board or shareholders of the Company to take up options which entitle them to subscribe for shares of the Company.

Up to 31 December 2012, the Company granted seven tranches of share option under Post-IPO Scheme.

#### (i) The terms and conditions of the grants that exist during the years are as follows:

##### (1) Post-IPO 1<sup>st</sup> tranche

On 17 September 2009, the Group granted share options to three independent non-executive directors of the Group, to subscribe for shares of the Company. Each option entitles the holder to purchase one ordinary share of the Company.

The share options granted vest in instalments over 3 years. Each instalment is accounted for as a separate share-based payment arrangement.

## 20. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

### (b) Post-IPO Share Option Scheme (continued)

(i) *The terms and conditions of the grants that exist during the years are as follows: (continued)*

(1) Post-IPO 1<sup>st</sup> tranche (continued)

The terms and conditions of the grants that exist during the years are as follows:

Grant date	Number of options	Vesting conditions	Contractual life of options
17 September 2009	165,000	On the date of grant	8 years
17 September 2009	165,000	One year's service	8 years
17 September 2009	165,000	Two years' service	8 years
17 September 2009	165,000	Three years' service	8 years

(2) Post-IPO 2<sup>nd</sup> tranche

On 2 July 2010, the Group granted share options to full time employee and two directors of the Group, to subscribe for shares of the Company. Each option entitles the holder to purchase one ordinary share of the Company.

The share options granted vest in instalments over 4 years. Each instalment is accounted for as a separate share-based payment arrangement.

The terms and conditions of the grants that exist during the years are as follows:

Grant date	Number of options	Vesting conditions	Contractual life of options
2 July 2010	3,542,500	One year's service	8 years
2 July 2010	4,265,000	Two years' service	8 years
2 July 2010	4,280,000	Three years' service	8 years
2 July 2010	4,280,000	Four years' service	8 years

# Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 20. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

### (b) Post-IPO Share Option Scheme (continued)

(i) *The terms and conditions of the grants that exist during the years are as follows: (continued)*

#### (3) Post-IPO 3<sup>rd</sup> tranche

On 22 November 2010, the Group granted share options to full time employee of the Group, to subscribe for shares of the Company. Each option entitles the holder to purchase one ordinary share of the Company.

The share options granted vest in instalments over 4 years. Each instalment is accounted for as a separate share-based payment arrangement.

The terms and conditions of the grants that exist during the years are as follows:

<b>Grant date</b>	<b>Number of options</b>	<b>Vesting conditions</b>	<b>Contractual life of options</b>
22 November 2010	125,000	One year's service	8 years
22 November 2010	125,000	Two years' service	8 years
22 November 2010	125,000	Three years' service	8 years
22 November 2010	125,000	Four years' service	8 years

#### (4) Post-IPO 4<sup>th</sup> tranche

On 6 December 2010, the Group granted share options to full time employee of the Group, to subscribe for shares of the Company. Each option entitles the holder to purchase one ordinary share of the Company.

The share options granted vest in instalments over 4 years. Each instalment is accounted for as a separate share-based payment arrangement.

## 20. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

### (b) Post-IPO Share Option Scheme (continued)

(i) *The terms and conditions of the grants that exist during the years are as follows: (continued)*

#### (4) Post-IPO 4<sup>th</sup> tranche (continued)

The terms and conditions of the grants that exist during the years are as follows:

Grant date	Number of options	Vesting conditions	Contractual life of options
6 December 2010	198,000	One year's service	8 years
6 December 2010	225,000	Two years' service	8 years
6 December 2010	225,000	Three years' service	8 years
6 December 2010	225,000	Four years' service	8 years

#### (5) Post-IPO 5<sup>th</sup> tranche

On 29 August 2011, the Group granted share options to full time employee of the Group, to subscribe for shares of the Company. Each option entitles the holder to purchase one ordinary share of the Company.

The share options granted vest in instalments over 4 years. Each instalment is accounted for as a separate share-based payment arrangement.

The terms and conditions of the grants that exist during the years are as follows:

Grant date	Number of options	Vesting conditions	Contractual life of options
29 August 2011	560,000	One year's service	8 years
29 August 2011	560,000	Two years' service	8 years
29 August 2011	560,000	Three years' service	8 years
29 August 2011	560,000	Four years' service	8 years

# Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 20. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

### (b) Post-IPO Share Option Scheme (continued)

(i) *The terms and conditions of the grants that exist during the years are as follows: (continued)*

#### (6) Post-IPO 6<sup>th</sup> tranche

On 9 January 2012, the Group granted share options to full time employee of the Group, to subscribe for shares of the Company. Each option entitles the holder to purchase one ordinary share of the Company.

The share options granted vest in instalments over 4 years. Each instalment is accounted for as a separate share-based payment arrangement.

The terms and conditions of the grants that exist during the years are as follows:

Grant date	Number of options	Vesting conditions	Contractual life of options
9 January 2012	200,000	One year's service	8 years
9 January 2012	200,000	Two years' service	8 years
9 January 2012	200,000	Three years' service	8 years
9 January 2012	200,000	Four years' service	8 years

#### (7) Post-IPO 7<sup>th</sup> tranche

On 11 September 2012, the Group granted share options to full time employee and a director of the Group, to subscribe for shares of the Company. Each option entitles the holder to purchase one ordinary share of the Company.

The share options granted vest in instalments over 4 years. Each instalment is accounted for as a separate share-based payment arrangement.

The terms and conditions of the grants that exist during the years are as follows:

Grant date	Number of options	Vesting conditions	Contractual life of options
11 September 2012	465,000	One year's service	8 years
11 September 2012	465,000	Two years' service	8 years
11 September 2012	465,000	Three years' service	8 years
11 September 2012	465,000	Four years' service	8 years

## 20. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

### (b) Post-IPO Share Option Scheme (continued)

(ii) The number and weighted average exercise prices of share options are as follows:

	Post-IPO Option 1 <sup>st</sup> tranche		Post-IPO Option 2 <sup>nd</sup> tranche		Post-IPO Option 3 <sup>rd</sup> tranche		Post-IPO Option 4 <sup>th</sup> tranche		Post-IPO Option 5 <sup>th</sup> tranche		Post-IPO Option 6 <sup>th</sup> tranche		Post-IPO Option 7 <sup>th</sup> tranche		Total
	Average Exercise price	No. of options	No. of options												
At 1 January 2011	HKD1.49	660,000	HKD1.84	19,340,000	HKD2.82	1,300,000	HKD2.88	1,060,000	–	–	–	–	–	–	22,360,000
Granted	–	–	–	–	–	–	–	–	HKD2.62	2,540,000	–	–	–	–	2,540,000
Exercised	–	–	HKD1.84	405,000	–	–	–	–	–	–	–	–	–	–	405,000
Lapsed	–	–	HKD1.84	1,115,000	HKD2.82	800,000	HKD2.88	160,000	–	–	–	–	–	–	2,075,000
At 31 December 2011	HKD1.49	660,000	HKD1.84	17,820,000	HKD2.82	500,000	HKD2.88	900,000	HKD2.62	2,540,000	–	–	–	–	22,420,000
At 1 January 2012	HKD1.49	660,000	HKD1.84	17,820,000	HKD2.82	500,000	HKD2.88	900,000	HKD2.62	2,540,000	–	–	–	–	22,420,000
Granted	–	–	–	–	–	–	–	–	–	–	HKD2.36	1,400,000	HKD3.22	1,860,000	3,260,000
Exercised	–	–	HKD1.84	897,500	–	–	HKD2.88	27,000	–	–	–	–	–	–	924,500
Lapsed	–	–	HKD1.84	555,000	–	–	–	–	HKD2.62	300,000	HKD2.36	600,000	–	–	1,455,000
At 31 December 2012	HKD1.49	660,000	HKD1.84	16,367,500	HKD2.82	500,000	HKD2.88	873,000	HKD2.62	2,240,000	HKD2.36	800,000	HKD3.22	1,860,000	23,300,500
Currently exercisable as at 31 December 2012	HKD1.49	660,000	HKD1.84	7,807,500	HKD2.82	250,000	HKD2.88	423,000	HKD2.62	560,000	–	–	–	–	9,700,500

# Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 20. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

### (b) Post-IPO Share Option Scheme (continued)

(ii) *The number and weighted average exercise prices of share options are as follows: (continued)*

The options of Post-IPO 1<sup>st</sup> tranche outstanding as at 31 December 2012 had an exercise price of HKD1.49 per share and a weighted average remaining contractual life of 4.75 years.

The options of Post-IPO 2<sup>nd</sup> tranche outstanding as at 31 December 2012 had an exercise price of HKD1.84 per share and a weighted average remaining contractual life of 5.5 years.

The options of Post-IPO 3<sup>rd</sup> tranche outstanding as at 31 December 2012 had an exercise price of HKD2.82 per share and a weighted average remaining contractual life of 5.9 years.

The options of Post-IPO 4<sup>th</sup> tranche outstanding as at 31 December 2012 had an exercise price of HKD2.88 per share and a weighted average remaining contractual life of 5.95 years.

The options of Post-IPO 5<sup>th</sup> tranche outstanding as at 31 December 2012 had an exercise price of HKD2.62 per share and a weighted average remaining contractual life of 6.33 years.

The options of Post-IPO 6<sup>th</sup> tranche outstanding as at 31 December 2012 had an exercise price of HKD2.36 per share and a weighted average remaining contractual life of 7.02 years.

The options of Post-IPO 7<sup>th</sup> tranche outstanding as at 31 December 2012 had an exercise price of HKD3.22 per share and a weighted average remaining contractual life of 7.69 years.

## 20. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

### (b) Post-IPO Share Option Scheme (continued)

#### (iii) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted was measured based on a binominal lattice model, with following input:

		Share price at grant date	Exercise price	Expected volatility	Option life (expressed as weighted average life)	Expected dividends	Risk-free interest rate
Post-IPO 1 <sup>st</sup> tranche	17 September 2009	HKD1.49	HKD1.49	43.77%	8years	2.49%	2.16%
Post-IPO 2 <sup>nd</sup> tranche	2 July 2010	HKD1.74	HKD1.84	46.17%	8years	1.61%	2.09%
Post-IPO 3 <sup>rd</sup> tranche	22 November 2010	HKD2.82	HKD2.82	45.72%	8years	1.30%	2.02%
Post-IPO 4 <sup>th</sup> tranche	6 December 2010	HKD2.88	HKD2.88	45.70%	8years	1.30%	2.16%
Post-IPO 5 <sup>th</sup> tranche	29 August 2011	HKD2.60	HKD2.62	41.47%	8years	2.94%	1.74%
Post-IPO 6 <sup>th</sup> tranche	9 January 2012	HKD2.36	HKD2.36	42.58%	8years	5.37%	1.52%
Post-IPO 7 <sup>th</sup> tranche	11 September 2012	HKD3.22	HKD3.22	43.51%	8years	4.96%	0.66%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected change to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

# Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 20. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

### (b) Post-IPO Share Option Scheme (continued)

#### (iii) Fair value of share options and assumptions (continued)

Share options are granted mainly under a service condition. The condition has not been taken into account in the grant date fair value measurement of the services received. There was no market condition associated with the share option grants.

During the year ended 31 December 2012, equity-settled share-based payments expenses of RMB3,904 thousand (2011: 4,215 thousand) in respect of the Post-IPO Share Option Scheme were recognised in the consolidated income statements.

### (c) Purchase of non-controlling interests

On 4 July 2011, the Company has granted options to subscribe for total 4,286,970 shares to Mr. Yang Linshan, the solely owner of Beijing Senmeng as part of the consideration, to purchase non-controlling interests of Golden Bridge Senmeng owned by Beijing Senmeng. Each option entitles the holder to purchase one ordinary share of the Company.

The term and condition of the grant that exist during the year is as follows:

Grant date	Number of options	Vesting conditions	Contractual life of options
4 July 2011	4,286,970	On the date of grant	5 years

## 21. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### (a) Current taxation in the consolidated statement of financial position represents:

	2012 RMB'000	2011 RMB'000
<b>PRC income tax</b>		
Balance at the beginning of the year	68,819	29,450
Provision for the year	132,971	118,068
Tax paid	(110,124)	(78,699)
<b>Balance of tax provision at the end of the year</b>	<b>91,666</b>	68,819

## 21. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

### (b) Deferred tax assets and liabilities recognised:

#### (i) The Group

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from	Accrued expenses RMB'000	Tax on undistributed profits of PRC subsidiaries RMB'000	Tax loss carry- forwards RMB'000	Totals RMB'000
At 1 January 2011	(6,556)	4,041	(2,192)	(4,707)
Charged/(credited) to profit or loss	3,127	(4,041)	1,978	1,064
At 31 December 2011	(3,429)	—	(214)	(3,643)
At 1 January 2012	<b>(3,429)</b>	—	<b>(214)</b>	<b>(3,643)</b>
Charged/(credited) to profit or loss	<b>(204)</b>	—	<b>(1,299)</b>	<b>(1,503)</b>
At 31 December 2012	<b>(3,633)</b>	—	<b>(1,513)</b>	<b>(5,146)</b>

#### (ii) Reconciliation to the statements of financial position

	2012 RMB'000	2011 RMB'000
Net deferred tax asset recognised on the statement of consolidated financial position	<b>(5,146)</b>	(3,643)

### (c) Deferred tax assets and liabilities not recognised:

At 31 December 2012, temporary differences relating to the undistributed retained earnings of PRC subsidiaries amounted to RMB 659,234 thousand (2011: RMB481,491 thousand). Deferred tax liability of RMB65,726 thousand (2011: RMB48,005 thousand) have not been recognised in respect of the tax that would be payable on the distribution of these retained earnings as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that those retained earnings are not likely to be distributed in the foreseeable future.

# Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 22. CAPITAL, RESERVES AND DIVIDENDS

### (a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's reserves is set out in the Consolidated Statement of Changes in Equity. Details of the changes in the Company's individual components of reserves between the beginning and the end of the year are set out below:

	Share capital	Share premium	Capital redemption reserve	Capital reserve	Translation reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note 22(c))		(note 22(d))	(note 22(d))	(note 22(d))		
<b>Balance at 1 January 2011</b>	174	468,406	18	18,030	(20,967)	86,955	552,616
Changes in equity for 2011:							
Equity-settled share-based transactions (note 20)	—	—	—	14,487	—	—	14,487
Exercise of share option	—	803	—	(186)	—	—	617
Purchase of own shares	(3)	—	3	—	—	(19,722)	(19,722)
Dividends	—	—	—	—	—	(62,224)	(62,224)
Total comprehensive income for the year	—	—	—	—	(27,111)	97,536	70,425
<b>Balance at 31 December 2011</b>	171	469,209	21	32,331	(48,078)	102,545	556,199
<b>Balance at 1 January 2012</b>	171	469,209	21	32,331	(48,078)	102,545	556,199
Changes in equity for 2012:							
Equity-settled share-based transactions (note 20)	—	—	—	3,904	—	—	3,904
Exercise of share option	1	3,764	—	(1,263)	—	—	2,502
Purchase of own shares	(1)	—	1	—	—	(7,346)	(7,346)
Dividends	—	—	—	—	—	(96,546)	(96,546)
Total comprehensive income for the year	—	—	—	—	591	125,632	126,223
<b>Balance at 31 December 2012</b>	171	472,973	22	34,972	(47,487)	124,285	584,936

## 22. CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

### (b) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2012 RMB'000	2011 RMB'000
Final dividend proposed after the end of reporting period date of approximately RMB10.9 cents per ordinary share (2011: approximately RMB8.6 cents per ordinary share)	60,653	48,002
Special dividend proposed after the end of reporting period date of approximately RMB10.9 cents per ordinary share (2011: approximately RMB8.6 cents per ordinary share)	60,653	48,002
	<b>121,306</b>	96,004

Pursuant to a resolution passed at the Director's meeting on 20 March 2013, a final dividend of HKD13.5 cents per share and a special dividend of HKD13.5 cents per share in respect of the year ended 31 December 2012 totalling of HKD150,035 thousand (equivalent to approximately RMB121,306 thousand at an exchange rate of 0.80852) will be proposed for shareholders' approval at the Annual General Meeting. Final dividend and special dividend HKD150,035 thousand in total proposed after the statement of financial position date has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Group attributable to the previous financial year approved during the year

	2012 RMB'000	2011 RMB'000
Dividends to equity shareholders of the Company	96,546	62,224
Dividends to non-controlling interests of a subsidiary	405	630
	<b>96,951</b>	62,854

# Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 22. CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

### (b) Dividends (continued)

- (ii) *Dividends payable to equity shareholders of the Group attributable to the previous financial year approved during the year (continued)*

Pursuant to the board resolutions dated 23 May 2012, the Company declared dividends at an aggregate amount of HKD118,423 thousand (equivalent to approximately RMB96,546 thousand at an exchange rate of 0.81526) to the equity shareholders from the distributable reserve. Such dividends were fully paid in June 2012.

### (c) Share capital

- (i) *Authorised and issued share capital*

	2012		2011	
	No. of ordinary shares	Nominal value of ordinary shares HKD	No. of ordinary shares	Nominal value of ordinary shares HKD
<b>Authorised:</b>				
At 1 January and 31 December	1,800,000,000	562,500	1,800,000,000	562,500
<b>Ordinary shares, issued and fully paid:</b>				
At 1 January	557,025,400	174,070	566,838,400	177,137
Shares issued under share option scheme	1,688,500	528	405,000	126
Purchase of own shares	(3,028,000)	(946)	(10,218,000)	(3,193)
At 31 December	555,685,900	173,652	557,025,400	174,070
RMB equivalent		171,032		171,376

## 22. CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

### (c) Share capital (continued)

#### (ii) Purchase of own shares

During the year, the Company repurchased its own ordinary shares on The Stock Exchange of Hong Kong Limited as follows:

Month/year	Number		Highest price paid per share HKD	Lowest price paid per share HKD	Aggregate price paid HKD'000	Equivalent to RMB'000
	of shares repurchased					
June 2012	615,000		2.93	2.76	1,742	1,420
July 2012	1,553,000		2.95	2.86	4,538	3,712
August 2012	860,000		3.18	2.95	2,707	2,214
					8,987	7,346

The repurchased shares were cancelled and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. Pursuant to section 49H of the Hong Kong Companies Ordinance, an amount equivalent to the par value of the shares cancelled of HKD946 (equivalent to approximately RMB774) was transferred from retained earnings to capital redemption reserve. The premium paid on the repurchase of the shares of RMB7,346 thousand was charged to retained earnings.

# Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 22. CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

### (c) Share capital (continued)

#### (iii) Shares issued under share option scheme

In March 2012, April 2012 and October 2012, options were exercised to subscribe for 1,688,500 ordinary shares in the Company at a consideration of RMB2,502 thousand of which RMB1 thousand was credited to share capital, the balance of RMB3,764 thousand was credited to the share premium account and RMB1,263 thousand has been transferred from the capital reserve to the share premium account in accordance with policy set out in note 1(p)(ii).

#### (iv) Terms of unexpired and unexercised share options at the end of reporting period

##### (1) Pre-IPO Scheme

A pre-IPO share options holder may exercise a maximum of 25% of the total number of the pre-IPO share options granted after the elapse of 365 days from the acceptance of the pre-IPO share options. Subsequently, for every full year of continuous service with the Company, the holder may exercise a maximum of another 25% of the total number of the pre-IPO share options granted, up to eight years from the date on which the pre-IPO share options are granted.

Exercisable period of the pre-IPO share options granted to employees of the Group commences on 8 January 2009 and expires on a date ranging from 3 July 2015 to 6 March 2016 (depending on their respective date of grant of the option), subject to the vesting requirement mentioned above.

At 31 December 2012, there were 13,596,000 unexercised pre-IPO share options (2011: 14,360,000) at an exercise price of RMB1.56.

## 22. CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

### (c) Share capital (continued)

(iv) Terms of unexpired and unexercised share options at the end of reporting period (continued)

#### (2) Post-IPO Scheme

The Company has adopted share option schemes on 27 May 2008 (the “Post-IPO Scheme”)

Exercise period	Exercise price	2012 Number	2011 Number
17 September 2009 to 16 September 2017	HKD1.49	165,000	165,000
17 September 2010 to 16 September 2017	HKD1.49	165,000	165,000
17 September 2011 to 16 September 2017	HKD1.49	165,000	165,000
17 September 2012 to 16 September 2017	HKD1.49	165,000	165,000
2 July 2011 to 1 July 2018	HKD1.84	4,835,000	4,835,000
2 July 2012 to 1 July 2018	HKD1.84	4,835,000	4,835,000
2 July 2013 to 1 July 2018	HKD1.84	4,835,000	4,835,000
2 July 2014 to 1 July 2018	HKD1.84	4,835,000	4,835,000
22 November 2011 to 21 November 2018	HKD2.82	325,000	325,000
22 November 2012 to 21 November 2018	HKD2.82	325,000	325,000
22 November 2013 to 21 November 2018	HKD2.82	325,000	325,000
22 November 2014 to 21 November 2018	HKD2.82	325,000	325,000
6 December 2011 to 5 December 2018	HKD2.88	265,000	265,000
6 December 2012 to 5 December 2018	HKD2.88	265,000	265,000
6 December 2013 to 5 December 2018	HKD2.88	265,000	265,000
6 December 2014 to 5 December 2018	HKD2.88	265,000	265,000
29 August 2012 to 28 August 2019	HKD2.62	635,000	635,000
29 August 2013 to 28 August 2019	HKD2.62	635,000	635,000
29 August 2014 to 28 August 2019	HKD2.62	635,000	635,000
29 August 2015 to 28 August 2019	HKD2.62	635,000	635,000
9 January 2013 to 8 January 2020	HKD2.36	350,000	—
9 January 2014 to 8 January 2020	HKD2.36	350,000	—
9 January 2015 to 8 January 2020	HKD2.36	350,000	—
9 January 2016 to 8 January 2020	HKD2.36	350,000	—
11 September 2013 to 10 September 2020	HKD3.22	465,000	—
11 September 2014 to 10 September 2020	HKD3.22	465,000	—
11 September 2015 to 10 September 2020	HKD3.22	465,000	—
11 September 2016 to 10 September 2020	HKD3.22	465,000	—
		<b>28,160,000</b>	<b>24,900,000</b>

# Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 22. CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

### (c) Share capital (continued)

#### (iv) *Terms of unexpired and unexercised share options at the end of reporting period (continued)*

##### (2) Post-IPO Scheme (continued)

Each option entitles the holder to subscribe for one ordinary share in the Company. Further details of these options are set out in note 20 to the financial statements.

At 31 December 2012, there were 23,300,500 unexercised post-IPO share options (2011: 22,420,000).

##### (3) Purchase of non-controlling interests

On 4 July 2011, the Company has granted options to subscribe for total 4,286,970 shares to Mr. Yang Linshan, the solely owner of Beijing Senmeng as part of the consideration to purchase non-controlling interests of Golden Bridge Senmeng owned by Beijing Senmeng (see note 20(c)). Each option entitles the holder to purchase one ordinary share of the Company.

At 31 December 2012, the Company is entitled 4,286,970 unexercised share options for purchasing of non-controlling interests of Golden Bridge Senmeng.

### (d) Nature and purpose of reserves

#### (i) *Share premium and capital redemption reserve*

The application of the share premium account and the capital redemption reserve is governed by Sections 48B and 49H respectively of the Hong Kong Companies Ordinance.

#### (ii) *Capital reserve*

The capital reserve comprises the portion of the grant date fair value of unexercised share options granted to employees and directors of the Group that has been recognised in accordance with the accounting policy adopted for equity-settled share-based transaction in note 1(p)(ii).

#### (iii) *Statutory reserve*

Pursuant to applicable PRC regulations, certain PRC subsidiaries are required to transfer 10% of their profit after income tax (after offsetting prior year's losses, if applicable) to statutory reserve until such reserve reaches 50% of the registered capital. The transfer to the reserve must be made before distribution of dividends to equity holders. The statutory reserve can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase registered capital of the subsidiary, provided that the balance after such issue is not less than 25% of its registered capital.

## 22. CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

### (d) Nature and purpose of reserves (continued)

#### (iv) Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements presented in any currencies other than RMB which are dealt with in accordance with the accounting policies as set out in note 1(t).

#### (v) Other reserves

Other reserves comprises the following parts:

- the offsetting entry of the present value of the expected consideration to be paid for the acquisition of the non-controlling interests of a subsidiary; and
- the difference between the carrying amount of the net assets received and the consideration paid, as a result of the reorganization during which the Company acquired subsidiaries from the ultimate controlling shareholders of the Group in 2006 and 2007.

#### (vi) Distributability of reserves

At 31 December 2012 the aggregate amount of reserves available for distribution to equity shareholders of the Company was RMB 124,285 thousand (2011: RMB102,545 thousand).

#### (vii) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

# Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 23. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

### (a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are normally due within 90 days from the date of billing. Debtors with overdue balances are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 0.00% (2011: 0.00%) and 4.86% (2011: 0.77%) of the total trade and other receivables was due from the Group's largest customer and the five largest customers respectively.

The maximum exposure to credit risk without taking account of any collateral is represented by the carrying amount of trade and other receivables in the statement of financial position after deducting any impairment allowance. The Group does not provide any other guarantees which would expose the Group to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 17.

### (b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses to cover expected cash demands. The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

## 23. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

### (b) Liquidity risk (continued)

The following tables show the remaining contractual maturities at the end of reporting period of the Group's and the Company's financial liabilities, which are based on contractual undiscounted cash flows at the earliest date the Group and the Company can be required to pay:

#### The Group

	2012					Carrying amount RMB'000
	Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	
Trade and other payables*	1,192,968	—	—	—	1,192,968	1,192,968
Other non-current financial liability	—	—	13,214	—	13,214	12,442

	2011					Carrying amount RMB'000
	Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	
Trade and other payables*	467,829	—	—	—	467,829	467,829
Other non-current financial liability	—	—	15,513	—	15,513	14,245

\* Excludes advances from customers

# Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 23. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

### (b) Liquidity risk (continued)

#### The Company

	2012					
	Contractual undiscounted cash outflow					
	Within	More than	More than	More than	Total	Carrying
	1 year or	1 year but	2 years but	5 years		amount
on demand	less than	less than	5 years			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	2,763	—	—	—	2,763	2,763

	2011					
	Contractual undiscounted cash outflow					
	Within	More than	More than	More than	Total	Carrying
	1 year or	1 year but	2 years but	5 years		amount
on demand	less than	less than	5 years			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	2,275	—	—	—	2,275	2,275

### (c) Currency risk

#### (i) Forecast transactions

The Group is exposed to currency risk primarily through trade and other receivables, trade and other payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily Euros, United State dollars, and Australian dollars.

The Group did not hedge its foreign currency exposure other than by retaining its foreign currency denominated earnings and receipts to the extent permitted by the State Administration of Foreign Exchange.

## 23. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

### (c) Currency risk (continued)

#### (ii) Recognised assets and liabilities

In respect of trade and other receivables, trade and other payables denominated in foreign currencies, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

#### (iii) Exposure to currency risk

The following table details the Group's and the Company's exposure at the end of reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

	The Group		The Company	
	2012 RMB'000	2011 RMB'000	2012 RMB'000	2011 RMB'000
Trade and other receivables				
— in USD	—	—	—	92,034
— in RMB	—	—	<b>312,593</b>	178,527
— in HKD	<b>2,397</b>	3,103	—	—
Cash and cash equivalents				
— in USD	<b>6,404</b>	13,026	<b>1,074</b>	12,217
— in EUR	<b>1</b>	—	<b>1</b>	—
— in AUD	<b>8</b>	8	<b>8</b>	8
Trade and other payables				
— in USD	<b>(2,314)</b>	(1,826)	<b>(1,906)</b>	(845)
— in RMB	—	—	<b>(450)</b>	(450)
— in HKD	<b>(6)</b>	(351)	—	—
Gross exposure	<b>6,490</b>	13,960	<b>311,320</b>	281,491

# Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 23. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

### (c) Currency risk (continued)

#### (iii) Exposure to currency risk (continued)

The following significant exchange rates applied during the year:

RMB	Average rate		Reporting date spot rate	
	2012	2011	2012	2011
HKD	<b>0.8109</b>	0.8308	<b>0.8109</b>	0.8107
USD	<b>6.2932</b>	6.4618	<b>6.2855</b>	6.3009
AUD	<b>6.4728</b>	6.5616	<b>6.5363</b>	6.4093
EUR	<b>8.2401</b>	8.4845	<b>8.3176</b>	8.1625

#### (iv) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained earnings) that would arise if foreign exchange rates to which the Group has significant exposure at the end of reporting period had changed at that date, assuming all other risk variable remained constant.

#### The Group

	2012		2011	
	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained earnings RMB'000	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained earnings RMB'000
USD	<b>10%</b> <b>(10%)</b>	<b>409</b> <b>(409)</b>	10% (10%)	1,120 (1,120)
AUD	<b>10%</b> <b>(10%)</b>	<b>1</b> <b>(1)</b>	10% (10%)	1 (1)
EUR	<b>10%</b> <b>(10%)</b>	<b>0.1</b> <b>(0.1)</b>	— —	— —
HKD	<b>10%</b> <b>(10%)</b>	<b>239</b> <b>(239)</b>	10% (10%)	275 (275)

## 23. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

### (c) Currency risk (continued)

(iv) Sensitivity analysis (continued)

#### The Company

	2012		2011	
	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained earnings RMB'000	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained earnings RMB'000
USD	10% (10%)	(83) 83	10% (10%)	10,341 (10,341)
AUD	10% (10%)	1 (1)	10% (10%)	1 (1)
EUR	10% (10%)	0.1 (0.1)	— —	— —
RMB	10% (10%)	31,214 (31,214)	10% (10%)	17,807 (17,807)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax measured in the respective functional currencies, translated into Renminbi at the exchange rate ruling at the end of reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2011.

# Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 23. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

### (d) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as available-for-sale equity securities (see note 16).

All of the Group's unquoted investments are held for long term strategic purposes. Their performance is assessed at least bi-annually against performance of similar listed entities, based on the limited information available to the Group, together with an assessment of their relevance to the Group's long term strategic plans.

### (e) Fair values

#### (i) *Financial instruments carried at fair value*

The following table presents the carrying value of financial instruments measured at fair value at the end of reporting period across the three levels of the fair value hierarchy defined in IFRS 7, Financial Instruments: Disclosures, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data
- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data

## 23. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

### (e) Fair values (continued)

#### (i) Financial instruments carried at fair value (continued)

2012

	The Group			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Assets</b>				
Other non-current financial assets				
— Available-for-sale equity securities	—	—	20,000	20,000
— Redemption option	—	—	3,259	3,259
— Conversion option	—	—	508	508
— Other option	—	—	572	572
<b>Liability</b>				
Other non-current financial liability	—	—	12,442	12,442

# Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 23. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

### (e) Fair values (continued)

#### (i) Financial instruments carried at fair value (continued)

2011

	The Group			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Assets</b>				
Other non-current financial assets				
— Available-for-sale equity securities	—	—	20,000	20,000
— Redemption option	—	—	2,803	2,803
— Conversion option	—	—	381	381
— Other option	—	—	3,838	3,838
— Warrants	—	—	3,425	3,425
<b>Liability</b>				
Other non-current financial liability	—	—	14,245	14,245

During the years ended 2012 and 2011, there were no transfers between instruments in Level 1 and Level 2.

The movement during the year in the balance of Level 3 fair value measurements is disclosed in note 16.

#### (ii) Fair value of financial instruments carried at other than fair value

The carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2012 and 2011.

## 23. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

### (f) Estimates of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments.

#### (i) *Available-for-sale securities*

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

#### (ii) *Trade and other receivables*

The fair values of trade and other receivables are estimated as the present value of future cash flows and discounted at the market rate of interest at the reporting date.

#### (iii) *Derivative financial instruments*

The estimates of the fair value of derivative financial instruments are disclosed in note 16.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rates are pre-tax and reflect specific risks relating to different entities.

Where other pricing models are used, inputs are based on market related data at the end of the reporting period.

# Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 24. COMMITMENTS AND CONTINGENT LIABILITIES

### (a) Capital commitment

Capital commitment outstanding at 31 December 2012 not provided for in the financial statements is as follows:

	2012 RMB'000	2011 RMB'000
Contracted for	341,246	28,000

### (b) Operating commitments

As at 31 December 2012, non-cancellable rentals payable by the Group are as follows:

	2012 RMB'000	2011 RMB'000
Within one year	7,279	5,745
After one year but within five years	1,007	4,362
Total	8,286	10,107

As at the reporting date, non-cancellable contracts for purchasing advertisement resources payable by the Group are as follows:

	2012 RMB'000	2011 RMB'000
Within one year	111,047	106,180
After one year but within five years	244	700
Total	111,291	106,880

### (c) Contingent liabilities

As at 31 December 2012, the Group and the Company did not have any significant contingent liabilities.

## 25. MATERIAL RELATED PARTY TRANSACTIONS

### (a) Transactions with the ultimate controlling shareholder of the Group

The Group had the following transactions with the ultimate controlling shareholder of the Group that were carried out in the normal course of business:

	Note	2012 RMB'000	2011 RMB'000
Rental of office	(i)	972	972

- (i) Golden Bridge Senmeng rented the office in Xinzhou Commercial Building from Ms. Liu Jinlan, the ultimate controlling shareholder of the Group, at a price of RMB972 thousand for the year ended 31 December 2012 and 2011.

### (b) Transactions with other related parties

	Note	2012 RMB'000	2011 RMB'000
Rental of office	(i)	650	650
Purchase of media inspection reports		—	750

- (i) CTV Golden Bridge International Media Group Company Limited, a subsidiary of the Company, rented an office from Shanghai CTV Golden Bridge International Culture and Communication Company Limited, which was effectively controlled by the ultimate controlling shareholder of the Group for the period from 1 January 2012 to 31 December 2012 at a price of RMB650 thousand per annual. The amount of rent charged under the lease was determined with reference to amounts charged by Shanghai CTV Golden Bridge International Culture and Communication Company Limited to third parties.

# Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 25. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

### (c) Outstanding balance with related parties

	2012 RMB'000	2011 RMB'000
Rental of office	706	1,974

The balance represents non-cancellable rentals payable by the Group to Ms. Liu Jinlan and Shanghai CTV Golden Bridge International Culture and Communication Company Limited for the rentals of 2013.

### (d) Key management personnel remuneration

Remuneration for key management personnel of the Group is as follows:

	2012 RMB'000	2011 RMB'000
Short-term employee benefits	6,432	5,581
Equity-settled share-based transactions	420	658
	6,852	6,239

Total remuneration is included in "Personnel expenses" (see note 5(b)).

## 26. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period the directors proposed dividends payable to equity shareholders of the Company. Further details are disclosed in note 22(b).

## 27. ULTIMATE HOLDING COMPANY

At 31 December 2012, the directors of the Company consider the parent and the ultimate holding company to be Golden Bridge International Culture Limited and Golden Bridge International Advertising Holdings Limited respectively, both of which are incorporated in Cayman Islands. These two entities do not produce financial statements available for public use.

## 28. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2012

Up to the date of issue of these financial statements, the IASB has issued a number of amendments and five new standards which are not yet effective for the year ended 31 December 2012 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	<b>Effective for accounting periods beginning on or after</b>
Amendments to IAS 1, <i>Presentation of financial statements</i> — <i>Presentation of items of other comprehensive income</i>	1 July 2012
IFRS 10, <i>Consolidated financial statements</i>	1 January 2013
IFRS 11, <i>Joint arrangements</i>	1 January 2013
IFRS 12, <i>Disclosure of interests in other entities</i>	1 January 2013
IFRS 13, <i>Fair value measurement</i>	1 January 2013
IAS 27, <i>Separate financial statements (2011)</i>	1 January 2013
IAS 28, <i>Investments in associates and joint ventures</i>	1 January 2013
Revised IAS 19, <i>Employee benefits</i>	1 January 2013
<i>Annual Improvements to IFRS 2009–2011 Cycle</i>	1 January 2013
Amendments to IFRS 7, <i>Financial instruments: Disclosures</i> — <i>Disclosures — Offsetting financial assets and financial liabilities</i>	1 January 2013
Amendments to IAS 32, <i>Financial instruments: Presentation</i> — <i>Offsetting financial assets and financial liabilities</i>	1 January 2014
IFRS 9, <i>Financial instruments</i>	1 January 2015

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

### **Amendments to IAS 1, Presentation of financial statements — Presentation of items of other comprehensive income**

The amendments to IAS 1 require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income will be modified accordingly when the amendments are adopted for the first time.

# Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## **28. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2012** (CONTINUED)

### **IFRS 10, Consolidated financial statements**

IFRS 10 replaces the requirements in IAS 27, *Consolidated and separate financial statements* relating to the preparation of consolidated financial statements and SIC 12 *Consolidation — Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

The application of IFRS 10 is not expected to change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013. However, it may in the future result in investees being consolidated which would not have been consolidated under the Group's existing policies or vice versa.

### **IFRS 12, Disclosure of interests in other entities**

IFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required in IFRS 12 are generally more extensive than those required in the current standards. The Group may have to make additional disclosures about its interests in other entities when the standard is adopted for the first time in 2013.

### **IFRS 13, Fair value measurement**

IFRS 13 replaces existing guidance in individual IFRS with a single source of fair value measurement guidance. IFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. IFRS 13 is effective as from 1 January 2013, but retrospective adoption is not required. The Group estimates that the adoption of IFRS 13 will not have any significant impact on the fair value measurements of its assets and liabilities, but additional disclosures may need to be made in the 2013 financial statements.

# Five Year Summary

(Expressed in Renminbi)

	2012	2011	2010	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Results</b>					
Revenue	<b>1,642,113</b>	1,617,800	1,373,173	766,804	558,356
Profit from operations	<b>419,672</b>	352,292	208,979	120,907	159,712
Net finance income (expense)	<b>18,589</b>	16,340	13,554	5,646	(7,159)
Share of loss of associates	<b>(1,169)</b>	(7,169)	(584)	(259)	(107)
Profit before taxation	<b>437,092</b>	361,463	221,949	126,294	152,446
Income tax	<b>(131,468)</b>	(119,132)	(55,598)	(37,407)	(31,343)
Profit for the year	<b>305,624</b>	242,331	166,351	88,887	121,103
Attributable to:					
Equity shareholders of the Company	<b>302,591</b>	238,945	158,064	97,245	120,800
Non-controlling interests	<b>3,033</b>	3,386	8,287	(8,358)	303
Profit for the year	<b>305,624</b>	242,331	166,351	88,887	121,103
<b>Assets and liabilities</b>					
Property, plant and equipment	<b>53,253</b>	56,229	54,601	57,062	54,182
Investment property	<b>3,766</b>	3,899	—	—	—
Prepayments	<b>792,869</b>	230,000	—	—	—
Interest in associates	<b>48,086</b>	47,722	6,000	584	843
Other non-current financial assets	<b>24,339</b>	30,447	—	11,031	—
Deferred tax assets	<b>5,146</b>	3,643	8,748	9,779	6,350
Net current assets	<b>318,683</b>	667,539	804,393	683,952	617,976
Total assets less current liabilities	<b>1,246,142</b>	1,039,479	873,742	762,408	679,351
Deferred tax liability	—	—	(4,041)	(2,315)	(1,286)
Other non-current financial liability	<b>(12,442)</b>	(14,245)	(13,657)	(18,155)	—
<b>NET ASSETS</b>	<b>1,233,700</b>	1,025,234	856,044	741,938	678,065

# Five Year Summary

(Expressed in Renminbi)

	2012	2011	2010	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Capital and reserves</b>					
Share capital	171	171	174	173	173
Reserves	1,224,542	1,018,704	848,966	736,300	670,473
Total equity attributable to equity shareholders of the Company	1,224,713	1,018,875	849,140	736,473	670,646
Non-controlling interests	8,987	6,359	6,904	5,465	7,419
<b>TOTAL EQUITY</b>	<b>1,233,700</b>	1,025,234	856,044	741,938	678,065
<b>Earnings per share</b>					
Basic earnings per share (RMB)	0.544	0.424	0.279	0.172	0.243
Diluted earnings per share (RMB)	0.532	0.419	0.278	0.172	0.243



中視金橋國際傳媒控股有限公司  
SinoMedia Holding Limited  
(incorporated in Hong Kong with limited liability)  
(於香港註冊成立之有限公司)